



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

DATE: April 26, 2004

BOARD MEETING DATE: May 11, 2004

TO: Honorable Board of Supervisors

FROM: Marcia Raines, Environmental Services Agency Director *MRaines*

SUBJECT: EXECUTIVE SUMMARY: Adopt Resolution Approving the Restated Library Joint Powers Authority (JPA) Agreement and Staff Services Agreement

Recommendation

That the Board of Supervisors adopt a Resolution approving the Restated Library Joint Powers Authority Agreement and Staff Services Agreement and direct the Environmental Services Agency Director to notify the Library JPA Board Chair of action taken to adopt the new agreements.

Background

On December 16, 2003, the Board of Supervisors directed staff to notify the JPA of the County's intent to withdraw unless certain changes could be enacted in governance and operational areas. Following the Board action, the JPA Board continued to work on addressing numerous concerns expressed by all parties of the JPA, and adopted a Restated Agreement and accompanying Staff Services Agreement at the April 5, 2004 meeting. Before June 1, 2004 all cities participating in this agreement are expected to forward this recommendation to their respective City Councils. Based on the JPA's detailed work and unanimous support for these documents staff anticipates the revisions will be adopted by each City Council.

The recommendations to amend the Joint Powers Agreement are as follows:

1. The Governing Board's policy role is clarified.

2. The annual budget is to be submitted by the Governing Board for County Board of Supervisors' approval. The Governing Board has autonomy within the total budget to manage library services.
3. The Library Director and staff continue to be county employees. The Library Director reports to the Governing Board on Library policy matters and to the County on staffing and other County contractual matters.
4. A staffing and services contract between the County and the JPA is required to clearly specify responsibilities and provided services.
5. The County is allowed the same discretion with respect to General Fund contributions that cities enjoy.
6. The amendments clarify the Governing Board's discretion to allocate library tax proceeds collected outside city member jurisdictions as needed, without donor or return to source restrictions. They also provide that library services in the unincorporated areas will be comparable to the level of service provided to cities and ensure that the County shall be entitled to recoup "point of service" building operations costs at 25 Tower Road, as is currently the case.
7. Terms and provision for withdrawal are clarified. If a city leaves the JPA it takes responsibility for library services and will receive the library taxes collected by the County in the incorporated area.

In addition, several other changes have been made to bring the JPA up to date and to clarify ambiguities. Counsel for the Library Authority as well as the County Counsel have reviewed and approved the Agreement.

The County's December 23, 2003 notice to the JPA Library Chair stated that the withdrawal will become effective June 30, 2004 if not rescinded prior to then. Staff is recommending Board adoption of the First Restated JPA Agreement and accompanying Staff Services Agreement. If the Board takes action to adopt the agreements it should also consider rescinding the December 23, 2003 notice of intent to withdrawal from the JPA, effectively voiding the earlier action. The Board should then direct staff to notify the JPA Board of the County's action.

RECOMMENDED

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COUNTY MANAGER



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

DATE: April 26, 2004

BOARD MEETING DATE: May 11, 2004

TO: Honorable Board of Supervisors

FROM: Marcia Raines, Environmental Services Agency Director *M. Raines*

SUBJECT: Restated Library Joint Powers Authority (JPA) Agreement and Staff Services Agreement

Recommendation

1. Adopt a Resolution Approving the Restated Library Joint Powers Authority Agreement and Staff Services Agreement.
2. Direct the Environmental Services Agency Director to notify the Library JPA Board Chair of action taken to adopt the new agreements.

Background

On December 16, 2003, the Board of Supervisors directed staff to notify the JPA of the County's intent to withdraw unless certain changes could be enacted in governance and operational areas. Following the Board action, the JPA Board continued to work on addressing numerous concerns expressed by all parties of the JPA, and adopted a Restated Agreement and accompanying Staff Services Agreement at the April 5, 2004 meeting. Before June 1, 2004 all cities participating in this agreement are expected to forward this recommendation to their respective City Councils. Based on the JPA's detailed work and unanimous support for these documents staff anticipates the revisions will be adopted by each City Council.

Under section III of the current Agreement, any party may withdraw from the County Library JPA by giving notice by December 31 of any fiscal year, with such withdrawal becoming effective at the end of that fiscal year (i.e. by June 30 of the following calendar year). The County's December 23, 2003 notice to the JPA Library Chair stated that the

withdrawal will become effective June 30, 2004 if not rescinded prior to then. Staff is recommending Board adoption of the First Restated JPA Agreement and accompanying Staff Services Agreement. If the Board takes action to adopt the agreements it should also consider rescinding the December 23, 2003 notice of intent to withdrawal from the JPA, effectively voiding the earlier action. The Board should then direct staff to notify the JPA Board of the County's action.

Discussion

The San Mateo County Library Joint Powers Authority, a joint powers authority under state law, was created in 1999, largely in response to a fiscal crisis created by the State's diversion of local property taxes. The intent of this effort was to more closely involve cities in the delivery of library services, and transfer responsibility for ownership and maintenance of library buildings to the cities.

There were a number of ambiguities and unknowns associated with the new Library Authority structure. By 2003, in the eyes of many of the member agencies, it was believed that the organization was not operating satisfactorily. A study was conducted by Management Partners, Inc. that was designed to improve understanding on the part of all parties as to the nature and functioning of the organization, and using that common knowledge base, to facilitate agreement on a number of modifications to allow the system to work better.

Overall the San Mateo County Library system provides good service and the joint powers structure provides a number of benefits to the members. It was determined that in order to improve the operations under the Joint Powers Agreement (JPA), certain amendments should be made to clarify roles and responsibilities. The amendments should also address any issues that lead to disagreement among the members. As a result of the process, amendments have been approved by the JPA Governing Board for adoption by the members.

The recommendations to amend the Joint Powers Agreement are as follows:

1. The Governing Board's policy role is clarified.
2. The annual budget is to be submitted by the Governing Board for County Board of Supervisors' approval. The Governing Board has autonomy within the total budget to manage library services.
3. The Library Director and staff continue to be county employees. The Library Director reports to the Governing Board on Library policy matters and to the County on staffing and other County contractual matters.
4. A staffing and services contract between the County and the JPA is required to clearly specify responsibilities and provided services.
5. The County is allowed the same discretion with respect to General Fund contributions that cities enjoy.

6. The amendments clarify the Governing Board's discretion to allocate library tax proceeds collected outside city member jurisdictions as needed, without donor or return to source restrictions. They also provide that library services in the unincorporated areas will be comparable to the level of service provided to cities and ensure that the County shall be entitled to recoup "point of service" building operations costs at 25 Tower Road, as is currently the case.
7. Terms and provision for withdrawal are clarified. If a city leaves the JPA it takes responsibility for library services and will receive the library taxes collected by the County in the incorporated area.

In addition, several other changes have been made to bring the JPA up to date and to clarify ambiguities. Counsel for the Library Authority as well as the County Counsel have reviewed and approved the Agreement.

It should be noted that the revisions to the JPA do not alter the current number of hours each branch is opened or change any service levels. The new JPA leaves in place the existing service levels based on population. Going forward the JPA may need to adjust these service levels, and this would be done via the Governing Board, subject to the restrictions of the JPA with regard to the use of library property taxes in the city in which they are collected.

In December of 2003, we provided notice of intent to withdraw from the current JPA. This notice will become effective June 30, 2004. The Board took this action to provide for withdrawal should the package of JPA amendments, now recommended for approval, not be acceptable to the County and/or other member agencies. It is expected that this notice will be withdrawn at such time as the Board approves the revised JPA, provided other member agencies also approve.

Should an individual agency choose not to approve the JPA, the Library Authority would be formed without their participation. Presumably non-approval would signal that the jurisdiction either wishes to pull out of the County Library system and provide library services independently, or not take part in governance and operation of the system. In the former instance the current and recommended JPA provide provisions for such a withdrawal, which could provide a framework for specific terms. The latter is not considered a serious possibility, as it would give that city no voice in library operations within its community.

As is discussed in the Governance Report, it would generally not be in a city's economic best interest to deliver library services independently, even with a 100% return of Library property tax received in the jurisdiction. The system provides several important economic benefits to participating cities; these include providing economies of scale savings in the delivery of services, allowing for use of County Library property tax from the unincorporated areas to support library operations in cities, and access to specialized services otherwise not available locally.

The table below shows how tax revenues from both cities and the County are used to fund

library operations, which serve populations located in each city as well as surrounding unincorporated areas.

County Free Library Property Tax Revenues (2003) Collected by Jurisdiction vs. Budget Costs			
Indicated Deficits are Funded with Unincorporated Tax Revenues			
Jurisdiction	Agency Taxes	Budget Costs	Surplus or (Deficit)
Atherton	\$888,605	\$884,894	\$3,711
Belmont	\$633,473	\$1,058,719	(\$425,246)
Brisbane	\$241,940	\$399,041	(\$157,101)
East Palo Alto	\$134,795	\$1,223,345	(\$1,088,550)
Foster City	\$1,203,454	\$1,771,402	(\$567,948)
Half Moon Bay	\$364,227	\$1,379,361	(\$1,015,134)
Millbrae	\$647,430	\$1,216,311	(\$568,881)
Pacifica and Sanchez	\$613,951	\$1,568,494	(\$954,543)
Portola Valley	\$403,890	\$450,380	(\$46,490)
San Carlos	\$1,414,384	\$1,805,564	(\$391,180)
Woodside	\$672,379	\$670,628	\$1,751

The recommendation is to approve the Joint Powers Agreement as amended.

Vision Alignment

The Library JPA Agreements keep the commitment of leaders working together across boundaries to preserve and enhance our quality of life and goal number 23: leaders throughout the County provide the impetus for broader regional solutions in land use, housing, childcare, education, health and transportation. The Agreements contribute to this commitment and goal by providing the most efficient and cost effective library services to the community in JPA member jurisdictions.

Fiscal Impact

The Library JPA Agreements allow for a reduction in the County's annual General Fund contribution of a maximum 1/3 reduction each year in the Tax Allocation Fee and 40/60 Hours Contribution. These contributions will be reduced by 1/3 each year until the contribution for these items is eliminated. The FY 2003-04 General Fund contribution totaled \$546,197. The 1/3 reductions, combined with the scheduled elimination of support to the Pacifica/Sanchez libraries for staffing and maintenance, brings the total FY 2004-05 contribution down to \$341,234.