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 Thursday, January 2, 2020. 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

*1. Approve Minutes from October 9, 2019, Finance Committee meeting.

*2. Recommend to the JPA to accept the following cash gifts:
   a. Cash donation of $1,958.91 to the Santa Clara County Library District and augment the budget for library materials.
   b. Cash donation of $1,500 to the Cupertino Library and augment the budget for courtyard furniture.
   c. Cash donation of $6,000 to the Los Altos Library and augment the budget for 3D Printing Project.
   d. Cash donation of $6,666.37 to the Los Altos Library and augment the budget for installation of divider panels.
   e. Cash donation of $1,032.19 to the Milpitas Library and augment the budget for display stand.
   f. Cash donation of $2,000 to the Milpitas Library and augment the budget for library materials.
   g. Cash donation of $10,000 to the Morgan Hill Library and augment the budget for Best Seller collection.
h. Cash donation of $1,000 to the Woodland Library and augment the budget for programming and library materials.

*3. Recommend to the JPA to accept the following grants
   a. Family Literacy Award Grant in the amount of $50,000 from the California State Library
   b. Maker Space Grant in the amount of $4,500 for the Gilroy Library from the Southern California Library Cooperative for 2019-2020

*4. Approve Calendar Year 2020 Meeting Schedule.

*5. Recommend acceptance of payment of $59,000 from First 5 Santa Clara County

*6. Recommend to the JPA to add one full-time Janitor, one full-time Librarian and one full-time Buyer positions, with the deletion of one vacant part-time Janitor, one vacant part-time Librarian, and one vacant full-time Library Technician positions.

*7. Recommend to the JPA to add one full-time Library Clerk and one part-time Library Circulation Aide positions, with the deletion of two vacant part-time Library Clerk and one vacant part-time Library Page positions.

NEW BUSINESS
8. Recommend to the JPA to accept the Five-Year Financial Forecast for Fiscal Years 2019-2020 to 2023-2024 for the Library District

9. Consider and recommend to the JPA to approve the updated Library Building Policy

REPORTS/COMMENTS
10. County Librarian
11. Financial & Administrative Services Manager
12. Finance Committee Members

INFORMATION

ADJOURN
To the next Finance Committee meeting on Wednesday, April 1, 2020 at 2:00 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.
JOINT POWERS AUTHORITY BOARD
FINANCE COMMITTEE MINUTES
Santa Clara County Library District
1370 Dell Avenue, Campbell, CA 95008, Farrier Room
October 9, 2019, 2:00 p.m.

CALL TO ORDER/ROLL CALL
Chair Wasserman called the meeting to order at 2:00 p.m.

<table>
<thead>
<tr>
<th>Committee Member</th>
<th>Title</th>
<th>Representing</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Wasserman</td>
<td>Chair</td>
<td>Board of Supervisors</td>
<td>Present</td>
</tr>
<tr>
<td>Dion Bracco</td>
<td>Committee Member</td>
<td>Gilroy</td>
<td>Present</td>
</tr>
<tr>
<td>Rich Waterman</td>
<td>Committee Member</td>
<td>Campbell</td>
<td>Absent</td>
</tr>
<tr>
<td>Courtenay C. Corrigan</td>
<td>Committee Member</td>
<td>Los Altos Hills</td>
<td>Present</td>
</tr>
<tr>
<td>Carl Cahill</td>
<td>Committee Member</td>
<td>Santa Clara County/Cities Managers’ Association</td>
<td>Present</td>
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</table>

County Librarian Howe introduced Jennifer Weeks, new Deputy County Librarian.

ORAL COMMUNICATION
None.

CONSENT CALENDAR
*1. Approve Minutes from May 22, 2019, Finance Committee meeting
*3. Recommend to the JPA to accept the following cash gifts:
   a. Cash donation of $5,158.07 to the Santa Clara County Library District from various donors for library materials.
   b. Cash donation of $5,200 to the Santa Clara County Library District and augment the budget for library materials and author programs.
   c. Cash donation of $12,000 to the Santa Clara County Library District and augment the budget for Bookmobile services.
   d. Cash donation of $10,000 to the Gilroy Library and augment the budget for library materials, programming and services support.
   e. Cash donation of $81,000 to the Los Altos Library and augment the budget for library materials.
   f. Cash donation of $32,000 to the Los Altos Library and augment the budget for library materials, science and technology programs, and supplies.
   g. Cash donation of $10,000 to the Milpitas Library and augment the budget for library materials.
h. Cash donation of $142,400 to the Saratoga Library and augment the budget for library materials, programming and personnel.

*4. Recommend to the JPA to add one full-time Supervising Account Clerk and delete one full-time Senior Account Clerk.

MOTION was moved by Bracco and seconded by Corrigan to approve the Consent Calendar items 1-4. The motion passed unanimously by the following vote:
Ayes: Wasserman, Bracco, Corrigan, and Cahill  Absent: Waterman

NEW BUSINESS
5. Recommend to the JPA to accept the Fiscal Year 2018-19 Year-End Fiscal Report. Staff report. Chuck Griffen, Financial and Administrative Services Manager. Every October, a review of the previous year’s finances are reported to the Finance Committee and the JPA. The operating budget is organized so that any revenues received cover all ongoing operating expenses. Any surpluses are used to replenish the 10-Year Capital Maintenance Plan, the 3-Year Technology Plan, funding of the economic uncertainty reserve and any one-time expenditures. This year the current revenue exceeded operating expenditures by $8.6 million mostly due to ERAF reimbursements. The ERAF funds will offset the cost of additional positions. Projects not completed during the fiscal year were rolled over to the current year and are reflected in the report. The Fund Balance Status including designated reserves, Silicon Valley Reads and Special Tax as of June 30, 2019 was $51,735,940.

The Finance Committee reviewed and discussed the Fiscal Year 2018-2019 Year-End Fiscal Report.

Motion was moved by Bracco and seconded by Cahill to accept and recommend to the JPA to accept the Fiscal Year 2018-2019 Year-End Fiscal Report. The motion passed unanimously by the following vote:
Ayes: Wasserman, Bracco, Corrigan, and Cahill  Absent: Waterman

6. Recommend to the JPA to approve the addition of 10.5 FTE Library Circulation Aide positions. Staff report. Chuck Griffen, Financial and Administrative Services Manager. This new position of Library Circulation Aide was the result of the Library District and the County’s Employee Services Agency working together for over 18 months to review the clerical functions of Library Pages and Library Clerks. Over the years, due to clerk vacancies there was a business need to use Pages in work out of class assignments as Library Clerks. Going forward with the new positions there will no longer be a need to assign work out of class assignments resulting in salary savings. The cost for the new positions is $889,060 fully funded by ongoing revenue. The new Library Circulation Aide position will better serve the public by performing combined paging and clerk duties and will also provide a promotional career path for Library clerical staff.

The Finance Committee reviewed and discussed the addition of the new Library Circulation Aide positions.
Motion was moved by Corrigan and seconded by Bracco to approve and recommend to JPA to approve an expenditure of $889,060 with the addition of 10.5 FTE Library Circulation Aide positions. The motion passed unanimously by the following vote:
Ayes: Wasserman, Bracco, Corrigan, and Cahill
Absent: Waterman

REPORTS/COMMENTS

7. County Librarian
   The County and SEIU Local 521 are still in negotiations and could strike. If Library SEIU members decide to go on strike this may affect staffing levels at the libraries to keep them open. The Library’s goal is to keep all libraries open.
   Staff are working with the County’s Emergency Operations regarding PG&E’s rolling power outages, which may threaten closure of several libraries.
   Campbell Library Feasibility Study prepared by Architect Steinberg Hart, identifying deficiencies and the cost to fix deficiencies, was shared with the City of Campbell. The City is discussing next steps.

8. Financial and Administrative Services Manager
   No further reports.

9. Finance Committee Members
   Committee Member Corrigan shared positive comments about passport services at the Los Altos Library.

ADJOURN

Chair Wasserman adjourned the meeting at 2:32 p.m., to the next Finance Committee meeting on Wednesday, January 8, 2020 at 2:00 p.m. at the Santa Clara County Library District Services and Support Center, 1370 Dell Avenue, Campbell CA 95008.

Respectfully submitted,

Cynthia Rios Garcia, Secretary
Library District Joint Powers Authority
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 $1,958.91 made to the Santa Clara County Library District from various donors 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 Santa Clara County Library has received cash donations from various donors, which are 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.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $1,500 made to the Cupertino Library from the Cupertino Library Foundation for courtyard 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

The Cupertino Library Foundation has presented the Library with a cash donation, which is to be appropriated for courtyard furniture.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $6,000 made to the Los Altos Library from the Los Altos Library Endowment for 3D Printing Project.

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 3D Printing Project.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $6,666.37 made to the Los Altos Library from the Friends of the Los Altos Library for divider panels and labor for Friends space.

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 divider panels and labor for Friends space.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $1,032.19 made to the Milpitas Library from the Friends of the Milpitas Library for display stand.

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 display stand.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY 
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $2,000 made to the Milpitas Library from A. Gondalia 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

A. Gondalia has presented the Library with a cash donation, which is to be appropriated for library materials for the Best Seller collection.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $10,000 made to the Morgan Hill Library from the Friends of the Morgan Hill Library for Best Seller collection.

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 Morgan Hill Library has presented the Library with a cash donation, which is to be appropriated for Best Seller collection.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA 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 for $1,000 made to the Woodland Library from the Lotus Creek Foundation for programming and 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 Lotus Creek Foundation has presented the Library with a cash donation, which is to be appropriated for programming and library materials.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: ACCEPTANCE OF GRANT

RECOMMENDED ACTION

It is requested that the JPA Board accept the Family Literacy Award Grant in the amount of $50,000 made to the Santa Clara County Library from the California State Library.

FISCAL IMPLICATIONS

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

BACKGROUND/REASONS FOR THE RECOMMENDATIONS

The California State Library has awarded the Library with a grant to be appropriated toward family literacy programming for English-speaking adults with low-literacy skills, and their families.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect acceptance of this grant. The County Librarian will acknowledge this grant.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: ACCEPTANCE OF GRANT

RECOMMENDED ACTION

It is requested that the JPA Board accept a grant for the 2019-20 Gilroy Library Maker Space in the amount of $4,500 made to the Santa Clara County Library from the Southern California Library Cooperative.

FISCAL IMPLICATIONS

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

BACKGROUND/REASONS FOR THE RECOMMENDATIONS

The Southern California Library Cooperative has awarded the Library with a grant to be appropriated toward equipment for the 2019-20 Gilroy Library Maker Space.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect acceptance of this grant. The County Librarian will acknowledge this grant.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: CALENDAR YEAR 2020 MEETING SCHEDULE

RECOMMENDED ACTION

It is recommended the Finance Committee approve the following meeting schedule for 2020:

<table>
<thead>
<tr>
<th>DATE</th>
<th>TIME</th>
<th>LOCATION</th>
</tr>
</thead>
</table>
| Wednesday, January 8, 2020| 2:00 p.m. | Services and Support Center  
1370 Dell Avenue, Campbell |
| Wednesday, April 1, 2020  | 2:00 p.m. | Services and Support Center  
1370 Dell Avenue, Campbell |
| Wednesday, May 20, 2020   | 2:00 p.m. | Services and Support Center  
1370 Dell Avenue, Campbell |
| Wednesday, October 14, 2020| 2:00 p.m. | Services and Support Center  
1370 Dell Avenue, Campbell |
| Wednesday, January 13, 2021| 2:00 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.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020
TO: JPA Finance Committee
FROM: Nancy Howe, County Librarian
SUBJECT: ACCEPTANCE OF PAYMENT OF $59,000 FROM FIRST 5 SANTA CLARA COUNTY

RECOMMENDED ACTION
It is requested that the Board accept $59,000 from First 5 Santa Clara County for Library resource services to families at multiple Family Resource Centers throughout Santa Clara County.

FISCAL IMPLICATIONS
There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount received.

BACKGROUND/REASONS FOR THE RECOMMENDATIONS
Through a Service Agreement between the Library District and First 5 Santa Clara County, the Library District will provide access to library resources to families at multiple Family Resources throughout Santa Clara County, including Luther Burbank, Adelante, and Josephine Guerrero. This funding will be used to create custom shelving, book returns, seating, library materials, story times and bookmobile visits at these sites, as a way to provide a bridge between families and the full range of library services offered at Library District locations.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: RECOMMEND THAT THE JPA BOARD APPROVE THE ADDITION OF 1 FULL-TIME EQUIVALENT (FTE) JANITOR, 1 FTE LIBRARIAN POSITION, AND 1 FTE BUYER POSITION WITH THE DELETION OF ONE VACANT PART-TIME JANITOR, ONE VACANT PART-TIME LIBRARIAN, AND ONE VACANT FULL-TIME LIBRARY TECHNICIAN

RECOMMENDED ACTION
It is requested that the Finance Committee recommend the JPA Board approve a $123,515 annualized increase to the Library’s staffing budget to allow for the following staffing changes:

- Delete 1 vacant Part-Time “Floating” Janitor position and add 1 Full-Time “Floating” Janitor position to assist all libraries;
- Delete 1 vacant Part-Time Librarian position and add 1 Full-Time Librarian position at the Gilroy Community Library;
- Delete 1 vacant Full-Time Library Technician position and add 1 Full-Time Buyer position at the Services and Support Center.

FISCAL IMPLICATIONS
The annualized cost for these positions totals $123,515. This additional annual amount is fully supported by Library District ongoing revenue.

BACKGROUND/REASONS FOR THE RECOMMENDATIONS
To provide continuity with consistent library programming in a clean and welcoming library environment to its patrons, the County Library District (Library District) is converting the half-time Librarian III/II/I and Janitor positions to full-time. Additionally, throughout the past several years, the Library District has experienced an increase in procurement workload as a result of rapidly increasing non-personnel budget. The addition of the Buyer III/II/I position is being added to address this. This position, assigned in the procurement area, will assist with the increase demand in solicitations, bids and contract oversight/maintenance.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: RECOMMEND THAT THE JPA BOARD APPROVE THE ADDITION OF 1 FULL-TIME LIBRARY CLERK POSITION AND, 1 PART-TIME LIBRARY CIRCULATION AIDE POSITION, WITH THE DELETION OF 2 VACANT PART-TIME LIBRARY CLERK POSITIONS AND 1 VACANT PART-TIME LIBRARY PAGE POSITION

RECOMMENDED ACTION
It is requested that the Finance Committee recommend the JPA Board approve the following staffing changes:

- Delete 2 vacant Part-Time Library Clerk positions and add 1 Full-Time Library Clerk position to the Morgan Hill Community Library;
- Delete 1 vacant Part-Time Library Page position and add 1 Part-Time Library Circulation Aide position to the Gilroy Community Library

FISCAL IMPLICATIONS
The annualized cost for these position changes totals $1,382.

BACKGROUND/REASONS FOR THE RECOMMENDATIONS
After continued analysis of clerical workloads, scheduling and staff retention needs, the Morgan Hill Community Library would like to combine two vacant part-time Library Clerk positions into one full-time Library Clerk position, while the Gilroy Community Library would like to exchange one vacant part-time Library Page position for on part-time Library Circulation Aide position. These actions will allow for better retention of library staff and will ensure that the appropriate level of work will continue to be performed by the appropriate classification.
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: FIVE-YEAR FINANCIAL FORECAST
FISCAL YEARS 2019-2020 THROUGH 2023-2024

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 District.

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 2019-20 to 2023-2024

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 4.5% per year; while this includes estimate contractual increases in pay, retirement, and medical costs for the two union organizations representing library employees, this is a slight decrease from the former estimate of 5.6% per year, partially due to the savings now being realized as a result of the new tier of retirement benefits for new employees hired on or after December 31, 2012.

<table>
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<tr>
<th>FISCAL YEAR</th>
<th>Projected REVENUE</th>
<th>Projected EXPENSE</th>
<th>Net Surplus/ (use of prior year funds)</th>
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<td>2020-21</td>
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<td>2021-22</td>
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<td>64,168,918</td>
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Using the following set of assumptions, the above Chart 1 summarizes the Library’s financial status over the next five years.

**Forecast Assumptions/ Methodology**

- Property tax proceeds from all sources are estimated to continue growing, albeit at a slower pace with each passing year due to an assumed softening of the economy. This forecast includes continued revenue from Educational Revenue Augmentation Fund (“ERAF”) reimbursements from the State. Should these ERAF reimbursements decline, there is expected to be enough net surplus in each of the forecasted years to make up the difference; and should this decline occur more quickly, the JPA-approved Economic Uncertainty Reserve will provide a buffer before the Library District needs to consider reducing operations. Furthermore, we will continue to see gradual increases in secured property tax receipts over and above the expected growth in the real estate sector due to the continued dissolution of former Redevelopment Agencies in three of the Library District’s cities. In other words, the Library District is well-prepared for the next economic downturn, preserving funding for continued library hours and operations at a time when Library District residents need them the most.

- 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. While this is a historical estimate, any revenue associated with increases over and above this estimate (for example, due to more recent significant increases in housing stock) will be netted out due to commensurate increases in individual community library staffing and materials budgets.

- Salary and employee benefit total costs will grow 4.5% annually in the out years for salary and benefit cost adjustments.

- Funding for book/materials acquisition will be held between 12-15% 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 86% of the Library’s total revenue. This important revenue source shows no discernible trend line with annual change ranging from 4.17% to 14.57% 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 2019 the amount exceeded $1 million but in a year with few real estate transactions the proceeds could drop below $400,000. 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 $181,635 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 positions added this fiscal year, 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 over 60% of the Library expenditures, have risen historically in the range of 10.87% 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 expected softening of property tax revenue will continue to 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
### 5 Year Revenue History

#### FISCAL YEAR

<table>
<thead>
<tr>
<th></th>
<th>PROPERTY TAX</th>
<th>% Change</th>
<th>Special Tax</th>
<th>% Change</th>
<th>STATE FUNDS</th>
<th>% Change</th>
<th>FINES &amp; FEES</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>35,904,614</td>
<td></td>
<td>5,818,256</td>
<td></td>
<td>119,876</td>
<td></td>
<td>555,736</td>
<td></td>
</tr>
<tr>
<td>2016-17</td>
<td>37,401,559</td>
<td>4.17%</td>
<td>5,857,783</td>
<td>0.68%</td>
<td>83,203</td>
<td>-30.59%</td>
<td>548,507</td>
<td>-1.30%</td>
</tr>
<tr>
<td>2017-18</td>
<td>40,852,344</td>
<td>9.23%</td>
<td>5,824,984</td>
<td>-0.56%</td>
<td>81,383</td>
<td>-2.19%</td>
<td>526,435</td>
<td>-4.02%</td>
</tr>
<tr>
<td>2018-19</td>
<td>46,805,139</td>
<td>14.57%</td>
<td>5,855,190</td>
<td>0.52%</td>
<td>180,635</td>
<td>121.96%</td>
<td>575,570</td>
<td>9.33%</td>
</tr>
<tr>
<td>2019-20 Proj</td>
<td>51,392,649</td>
<td>9.80%</td>
<td>5,895,434</td>
<td>0.69%</td>
<td>68,000</td>
<td>-62.36%</td>
<td>550,000</td>
<td>-4.44%</td>
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</table>

#### FISCAL YEAR

<table>
<thead>
<tr>
<th></th>
<th>CITIES</th>
<th>% Change</th>
<th>COUNTY</th>
<th>% Change</th>
<th>OTHER</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>979,046</td>
<td></td>
<td>51,000</td>
<td></td>
<td>1,021,238</td>
<td></td>
</tr>
<tr>
<td>2016-17</td>
<td>1,273,699</td>
<td>30.10%</td>
<td>51,000</td>
<td>0.00%</td>
<td>1,996,620</td>
<td>95.51%</td>
</tr>
<tr>
<td>2017-18</td>
<td>1,584,993</td>
<td>24.44%</td>
<td>101,000</td>
<td>98.04%</td>
<td>1,743,679</td>
<td>-12.67%</td>
</tr>
<tr>
<td>2018-19</td>
<td>1,718,082</td>
<td>8.40%</td>
<td>101,000</td>
<td>0.00%</td>
<td>1,896,895</td>
<td>8.79%</td>
</tr>
<tr>
<td>2019-20 Proj</td>
<td>567,458</td>
<td>-66.97%</td>
<td>111,000</td>
<td>9.90%</td>
<td>930,728</td>
<td>-50.93%</td>
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<table>
<thead>
<tr>
<th></th>
<th>TOTAL REVENUE</th>
<th>% Change</th>
</tr>
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<tbody>
<tr>
<td>2015-16</td>
<td>44,449,765</td>
<td></td>
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<tr>
<td>2016-17</td>
<td>47,212,371</td>
<td>6.22%</td>
</tr>
<tr>
<td>2017-18</td>
<td>50,714,818</td>
<td>7.42%</td>
</tr>
<tr>
<td>2018-19</td>
<td>57,132,510</td>
<td>12.65%</td>
</tr>
<tr>
<td>2019-20 Proj</td>
<td>59,515,269</td>
<td>4.17%</td>
</tr>
</tbody>
</table>

---

Chart 2

Finance Committee
January 8, 2020
### 5 Year Expenditure History

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>SALARIES &amp; Benefits</th>
<th>% Change</th>
<th>SERVICES &amp; SUPPLIES</th>
<th>% Change</th>
<th>Books &amp; Materials</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>25,947,476</td>
<td></td>
<td>4,840,640</td>
<td></td>
<td>5,236,957</td>
<td></td>
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<tr>
<td>2016-17</td>
<td>27,697,581</td>
<td>6.74%</td>
<td>6,364,115</td>
<td>31.47%</td>
<td>5,535,253</td>
<td>5.70%</td>
</tr>
<tr>
<td>2017-18</td>
<td>30,257,567</td>
<td>9.24%</td>
<td>5,892,548</td>
<td>-7.41%</td>
<td>6,614,473</td>
<td>19.50%</td>
</tr>
<tr>
<td>2018-19</td>
<td>32,128,919</td>
<td>6.18%</td>
<td>5,815,801</td>
<td>-1.30%</td>
<td>7,406,012</td>
<td>11.97%</td>
</tr>
<tr>
<td>2019-20 Proj.</td>
<td>35,622,030</td>
<td>10.87%</td>
<td>9,894,412</td>
<td>70.13%</td>
<td>7,661,386</td>
<td>3.45%</td>
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</table>

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>FACILITIES</th>
<th>% Change</th>
<th>Operating Subtotal</th>
<th>% Change</th>
<th>FIXED ASSETS</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>2,998,610</td>
<td></td>
<td>$ 39,023,683</td>
<td></td>
<td>235,723</td>
<td>66%</td>
</tr>
<tr>
<td>2016-17</td>
<td>2,943,795</td>
<td>-1.83%</td>
<td>$ 42,540,744</td>
<td>9.01%</td>
<td>2,626,774</td>
<td>65%</td>
</tr>
<tr>
<td>2017-18</td>
<td>3,060,989</td>
<td>3.98%</td>
<td>$ 45,825,577</td>
<td>7.72%</td>
<td>394,306</td>
<td>66%</td>
</tr>
<tr>
<td>2018-19</td>
<td>2,960,093</td>
<td>-3.30%</td>
<td>$ 48,310,825</td>
<td>5.42%</td>
<td>62,706</td>
<td>67%</td>
</tr>
<tr>
<td>2019-20 Proj.</td>
<td>5,857,898</td>
<td>97.90%</td>
<td>$ 59,035,726</td>
<td>22.20%</td>
<td>530,000</td>
<td>60%</td>
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</table>

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>TOTAL EXPENDITURES</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>$ 39,259,406</td>
<td></td>
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<tr>
<td>2016-17</td>
<td>$ 45,167,518</td>
<td>15.05%</td>
</tr>
<tr>
<td>2017-18</td>
<td>$ 46,219,883</td>
<td>2.33%</td>
</tr>
<tr>
<td>2018-19</td>
<td>$ 48,373,532</td>
<td>4.66%</td>
</tr>
<tr>
<td>2019-20 Proj.</td>
<td>$ 59,565,726</td>
<td>23.14%</td>
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</tbody>
</table>

Chart 3
### Projected Revenue

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>PROPERTY TAX</th>
<th></th>
<th>SPECIAL TAX</th>
<th></th>
<th>STATE FUNDS</th>
<th></th>
<th>FINES &amp; FEES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>51,392,649</td>
<td></td>
<td>5,895,434</td>
<td></td>
<td>68,000</td>
<td></td>
<td>550,000</td>
<td></td>
</tr>
<tr>
<td>2020-21</td>
<td>52,124,923</td>
<td>1.42%</td>
<td>5,996,705</td>
<td></td>
<td>53,523</td>
<td></td>
<td>550,000</td>
<td></td>
</tr>
<tr>
<td>2021-22</td>
<td>53,584,421</td>
<td>2.80%</td>
<td>6,050,675</td>
<td></td>
<td>46,000</td>
<td></td>
<td>550,000</td>
<td></td>
</tr>
<tr>
<td>2022-23</td>
<td>54,709,693</td>
<td>2.10%</td>
<td>6,105,131</td>
<td></td>
<td>46,000</td>
<td></td>
<td>550,000</td>
<td></td>
</tr>
<tr>
<td>2023-24</td>
<td>55,694,468</td>
<td>1.80%</td>
<td>6,160,078</td>
<td></td>
<td>46,000</td>
<td></td>
<td>550,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>CITIES</th>
<th>COUNTY</th>
<th>OTHER</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>567,458</td>
<td>111,000</td>
<td>930,728</td>
<td>59,515,269</td>
</tr>
<tr>
<td>2020-21</td>
<td>592,994</td>
<td>61,000</td>
<td>930,728</td>
<td>60,309,872</td>
</tr>
<tr>
<td>2021-22</td>
<td>619,678</td>
<td>61,000</td>
<td>930,728</td>
<td>61,842,502</td>
</tr>
<tr>
<td>2022-23</td>
<td>647,564</td>
<td>61,000</td>
<td>930,728</td>
<td>63,050,117</td>
</tr>
<tr>
<td>2023-24</td>
<td>676,704</td>
<td>61,000</td>
<td>930,728</td>
<td>64,118,978</td>
</tr>
</tbody>
</table>

Chart 4
Santa Clara County Library
Projected Operating Expenditure

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>SALARIES &amp; Benefits</th>
<th>% Change</th>
<th>SERVICES &amp; SUPPLIES</th>
<th>Books &amp; Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>35,622,030</td>
<td></td>
<td>9,894,412</td>
<td>7,661,386</td>
</tr>
<tr>
<td>2020-21</td>
<td>39,752,640</td>
<td>10.4%</td>
<td>6,628,380</td>
<td>-49.3%</td>
</tr>
<tr>
<td>2021-22</td>
<td>40,537,772</td>
<td>4.25%</td>
<td>6,760,948</td>
<td>2.00%</td>
</tr>
<tr>
<td>2022-23</td>
<td>42,260,627</td>
<td>4.25%</td>
<td>6,896,167</td>
<td>2.00%</td>
</tr>
<tr>
<td>2023-24</td>
<td>44,056,704</td>
<td>4.25%</td>
<td>7,034,090</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>FACILITIES</th>
<th>Operating Total</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>5,857,898</td>
<td>$ 59,035,726</td>
<td></td>
</tr>
<tr>
<td>2020-21</td>
<td>2,966,267</td>
<td>$ 57,187,571</td>
<td>-3.13%</td>
</tr>
<tr>
<td>2021-22</td>
<td>2,995,930</td>
<td>$ 58,334,175</td>
<td>2.00%</td>
</tr>
<tr>
<td>2022-23</td>
<td>3,025,889</td>
<td>$ 60,379,198</td>
<td>3.51%</td>
</tr>
<tr>
<td>2023-24</td>
<td>3,056,148</td>
<td>$ 62,482,409</td>
<td>3.48%</td>
</tr>
</tbody>
</table>

Chart 5
## Summary of Five-Year Forecast

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>Projected Revenue</th>
<th>Projected Operating Cost</th>
<th>Net Surplus/ (Use of Prior Year Funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>59,515,269</td>
<td>$ 59,035,726</td>
<td>479,543</td>
</tr>
<tr>
<td>2020-21</td>
<td>60,309,872</td>
<td>$ 57,187,571</td>
<td>3,122,301</td>
</tr>
<tr>
<td>2021-22</td>
<td>61,842,502</td>
<td>$ 58,334,175</td>
<td>3,508,327</td>
</tr>
<tr>
<td>2022-23</td>
<td>63,050,117</td>
<td>$ 60,379,198</td>
<td>2,670,919</td>
</tr>
<tr>
<td>2023-24</td>
<td>64,118,978</td>
<td>$ 62,482,409</td>
<td>1,636,569</td>
</tr>
</tbody>
</table>

Projected Library Fund (0025) Cash and Reserves as of 06/30/2020

- Capital Maintenance Reserve: 7,297,000
- Technology Reserve: 6,325,000
- Economic Uncertainty Reserve: 17,000,000
- Other Reserves: 1,657,213
- Cash: 6,022,229

Total: 38,301,442
JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 8, 2020

TO: JPA Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: UPDATED LIBRARY BUILDING POLICY

RECOMMENDED ACTIONS
It is recommended that the Committee consider and recommend that the JPA Board approve the updated Library Building Policy to clarify roles and responsibilities of member cities and the Santa Clara County Library District.

BACKGROUND/REASONS FOR RECOMMENDATION
The Joint Powers Authority Library Building Policy was established by the JPA in 1999 and amended in January 2019. Currently, new construction or renovation is being considered for five library buildings, generating questions by member cities regarding responsibilities and financing.

The key tenets of the 1999 policy are still valid today given the financial condition of SCCLD. These are:

- Construction and renovation of the library buildings are the responsibility of the city as owner of the building.

- The priority for SCCLD revenue is operation of the libraries.

- Three cities – Gilroy, Milpitas, and Morgan Hill – qualified for additional library space under the 1999 policy and thus the Library District continues to make payments as part of those associated lease agreements.

- Library District financial contributions to expansions or new construction of Community Library or Library Branch facilities end at the conclusion of these three remaining lease payment obligations.
In 2019, the JPA Board added an amendment to the policy allowing funding for design work for new, expanded, and/or significantly remodeled library buildings subject to JPA Board approval on a case by case basis.

RECOMMENDED POLICY REVISIONS
It is recommended that the following should be added to the policy to ensure equity and responsible budget decisions. The recommendations below are based on past practice and alignment with the existing policy:

1. Lease agreements exist between the city owning the library building and the Library District. New lease agreements must be approved by the JPA and will not include a provision for rental payments. In addition to library hours and operations, the responsibility of the Library District shall include all interior maintenance, janitorial services, interior and exterior paint, utility payments, emergency alarm systems, building security systems, pest management, interior design, furnishings and fixtures, technology infrastructure, roofing, and HVAC systems.

2. The JPA will annually review the Library District’s Capital Maintenance Plan, which will address and reserve funding for significant maintenance expenditures expected at each library facility in the ensuing ten years.

3. If a city chooses to rebuild or renovate its library building, the Library District may contribute financially to design (as noted in the 2019 Library Building Policy amendment); furniture, fixtures, and equipment (“FF&E”); and interior soft costs.

4. The Library District shall budget from time to time for interior space design and construction in order to keep the library buildings welcoming and designed for contemporary library services.

5. Cities will be responsible for any library building structural work necessary to maintain compliance with ADA regulations.

6. During library building construction, the city shall provide a temporary facility for continued library hours and operations. The Library District shall be responsible for moving costs, storage, and interior FF&E for library operations.

FISCAL IMPLICATIONS
As before, costs associated with these recommendations will be reviewed by the JPA Finance Committee and JPA Board as each body reviews and approves the annual operating budget, the annual capital maintenance plan review, and an annual review of the library district’s technology plan; any significant one-time costs and/or significant deviations from these annual reviews will also be reviewed by both entities on an ad hoc basis. These above recommendations will ensure that ongoing library revenue will continue to provide for a robust library system with operating hours and services that meet the evolving needs of all Library District residents.