



**Joint Powers Authority Board - Finance Committee
AGENDA**

October 14, 2020 at 1:00 PM

VIRTUAL TELECONFERENCE ONLY

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, this meeting will be held by teleconference only. Instructions for accessing the teleconference will be posted online at <https://scclld.org/jpa/>

In accordance with the Ralph M. Brown Open Meeting Act; this agenda was posted on Monday, October 5, 2020, on the Library's website at www.scclld.org. Items on the consent calendar 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.

1. CALL TO ORDER/ROLL CALL

2. 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, the Chair will call upon you at the time the Committee considers the item.

3. CONSENT CALENDAR

- a. Approve Minutes from May 20, 2020, Finance Committee Meeting
- b. Recommend to the JPA to accept Santa Clara County Library District Semi-Annual Gift Report: January 1 - June 30, 2020
- c. Recommend to the JPA to accept cash donation of \$2,771.37 to the Santa Clara County Library District
- d. Recommend to the JPA to accept cash donation of \$104,000 for the Saratoga Library
- e. Recommend to the JPA to accept cash donation of \$1,000 for the Saratoga Library
- f. Recommend to the JPA to accept a cash donation of \$1,001 to the Saratoga Library

4. NEW BUSINESS

- a. Accept Fiscal Year 2019-20 Year-End Fiscal Report
- b. Budget Update for Fiscal Year 2020-21
- c. Elimination of Overdue Fines

5. REPORTS/COMMENTS

- a. County Librarian
- b. Financial & Administrative Services Manager
- c. Finance Committee Members

6. ADJOURN

To the next Finance Committee meeting on Wednesday, January 13, 2021 at 1:00 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.

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

JOINT POWERS AUTHORITY BOARD
FINANCE COMMITTEE MINUTES
Wednesday, May 20, 2020 at 1:00 p.m.

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, this meeting was held by teleconference only.

1. CALL TO ORDER/ROLL CALL

Chair Wasserman called the meeting to order at 1:00 p.m. There were no deletions, deferrals or corrections to the agenda.

Committee Member	Title	Representing	Status
Mike Wasserman	Chair	Board of Supervisors	Present
Lynette Lee Eng	Committee Member	Los Altos	Present
Dion Bracco	Committee Member	Gilroy	Present
Rich Waterman	Committee Member	Campbell	Present
Carl Cahill	Committee Member	Santa Clara County/Cities Managers' Association	Present
Courtenay C. Corrigan	Alternate, Committee Member	Los Altos Hills	Present, non-voting

2. ORAL COMMUNICATION

None.

3. CONSENT CALENDAR

- 3.a Approve Finance Committee Minutes from April 1, 2020.
- 3.b Recommend to the JPA to accept Santa Clara County Library District Semi-Annual Gift Report: July 1 – December 31, 2019
- 3.c Recommend to the JPA to accept cash donation of \$12,000 for Bookmobile Services
- 3.d Recommend to the JPA to accept cash donation of \$9,000 for the Cupertino Library
- 3.e Recommend to the JPA to accept cash donation of \$1,000 for the Los Altos Library
- 3.f Recommend to the JPA to accept cash donation of \$1,008 for the Milpitas Library
- 3.g Recommend to the JPA to accept grant of \$20,000 for the Milpitas Library

MOTION was moved by Bracco and seconded by Cahill to approve consent calendar items 3a – 3g. The motion passed unanimously by the following vote:
Ayes: Wasserman, Lee Eng, Bracco, Waterman, and Cahill
Noes: None

4. NEW BUSINESS

4.a Receive and recommend acceptance of the Independent Audit Report for Year Ending June 30, 2019

Benjamin Lau, Auditor of Macias, Gini & O'Connell, LLP, presented two documents: 1) the required Communication Letter issued on April 17, 2020, which states that the audit had no findings and no corrected or uncorrected misstatements; and 2) the Independent Auditor's Report, which states there were no findings in the audit and it received a clean opinion.

Last year, at the request of the Finance Committee, it was recommended to add side by side comparisons of balances between the years. On page 4 of the audit report, the side by side comparisons have been added. It was noted that cash increased by \$8.5 million from 2018 to 2019, and property tax increased by \$2.7 million. The report also includes a COVID-19 Disclosure regarding possible impact for next year's audit that are unknown at this time.

Alternate Committee Member Corrigan commented that there were two page 29s and should be corrected to reflect pages 28 and 29. Mr. Lau confirmed that the pages will be corrected.

MOTION was moved by Lynette Lee Eng and seconded by Rich Waterman to receive and recommend acceptance of the Independent Audit Report for Year Ending June 30, 2019 with corrected page numbers by the JPA Board.

The motion passed unanimously by the following vote:

Ayes: Wasserman, Lee Eng, Bracco, Waterman, and Cahill

Noes: None

4.b Approve and recommend adoption of the Fiscal Year 2020-21 Library Budget

Staff report. Chuck Griffen, Financial and Administrative Services Manager. The final budget was presented for approval. The first reading of the budget was reviewed by the Finance Committee and JPA Board on April 1 and April 30, 2020, respectively. The Library's finances are in good shape and staff recommends approval by the Finance Committee and adoption by the full JPA Board.

The Committee reviewed and discussed at length the Fiscal Year 2020-21 Library Budget.

MOTION was moved by Bracco and seconded by Lee Eng to approve and recommend for adoption the Fiscal Year 2020-2021 Final Budget by the JPA Board.

The motion passed unanimously by the following vote:

Ayes: Wasserman, Lee Eng, Bracco, Waterman, and Cahill

Noes: None

5. REPORTS/COMMENTS

5.a County Librarian Jennifer Weeks.

Due to easing of shelter in place restrictions some maintenance projects have been completed:

- New carpet installed in some libraries
- Buildings have been deep cleaned
- Vehicles have been serviced and are ready

And some building projects have resumed:

- Morgan Hill Library will complete its new spaces in early Fall
- Cupertino Library continues work on their two story addition of their community rooms
- Gilroy Library's patio project continues
- City of Campbell has selected Jayson Architects for their library renovation project

Summer Programs:

- Lunch in the Library in South County is planned
- Summer Reading will start June 1st and be completely online

The Library District is working with the County Executive, the Emergency Operations Center and key County Departments making plans on reopening:

- Chris Brown, Deputy County Librarian is taking the lead with the reopening team on what services can be provided safely for staff and patrons. The team is looking at offering curbside services of materials plus drop off and pick up of holds once restrictions have been lifted.

5.b. Financial and Administrative Services Manager Chuck Griffen No further reports.

5.c. Finance Committee Members

✚ Chair Wasserman commended Diane Roche for her presentation on eServices. Several stats reported were an increase of 2,300 eCards since shelter in place and checkout of 5,000 eBooks a day for a total 150,000 a month.

✚ Chair Wasserman announced that the Public Health Department launched an updated website, sccfreetest.org that uses an interactive map to locate free testing sites available. Testing does not require insurance, a doctor's note and it does not affect immigration status. Please get the word out to family, friends and staff.

✚ Committee Member Corrigan asked for a correction to the April 1, 2020 Finance Committee minutes by withdrawing her two votes as she was attending the meeting as an Alternate. County Librarian Weeks will confirm with Counsel and update Committee Member Corrigan. [Minutes reflect withdrawn votes]

6. ADJOURN

With no further business, Chair Wasserman adjourned the meeting at 1:47 p.m., to the next Finance Committee meeting on Wednesday, October 14, 2020 at 1:00 p.m., at the Library Services and Support Center, 1370 Dell Avenue, Campbell, CA 95008.

Respectfully submitted,

A handwritten signature in black ink that reads "Cynthia Rios Garcia". The signature is written in a cursive style with a distinct loop for the letter 'C' and a dot over the 'i' in "Garcia".

Cynthia Rios Garcia, Secretary
Santa Clara County Library District Joint Powers Authority



Item 3.b

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020

TO: Joint Powers Authority Board - Finance Committee

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Recommend to the JPA to accept Santa Clara County Library District Semi-Annual Gift Report: January 1 - June 30, 2020**

RECOMMENDED ACTIONS

It is recommended that the Finance Committee accept and recommend the Board accept the gifts listed on the enclosed report totaling \$16,365.29.

BACKGROUND/REASONS FOR RECOMMENDATION

The \$16,365.29 represents gifts that have been received by the eight District libraries, Bookmobile, and the Reading Program during the period January 1, 2020 through June 30, 2020.

FISCAL IMPLICATIONS

There are no fiscal implications to the County Library since these gifts are from outside sources and no Library funds were used. Library services have been enhanced by these donations.

SANTA CLARA COUNTY LIBRARY DISTRICT GIFT REPORT

LIBRARY	DATE	DESCRIPTION OF GIFT	DONOR NAME	VALUE
Bookmobile		No Gifts to Report		\$0.00
Campbell	January 1 - June 30, 2020	Description	Friends of the Campbell Library	
		Programs and supplies		\$4,338.28
			Subtotal	\$4,338.28
Cupertino	January 1 - June 30, 2020	Description	Friends of the Cupertino Library	
		Poet Laureate Program		\$313.00
		Adult Programs		\$3,486.83
		Teen Programs		\$114.19
		Children's Programs		\$911.56
		Adult Programs	Cupertino Library Foundation	\$50.00
			Subtotal	\$4,562.58
Gilroy	January 1 - June 30, 2020	No Gifts to Report		\$0.00
Los Altos & Woodland	January 1 - June 30, 2020	Description	Friends of the Los Altos Library	
		Adult Programs		\$707.46
		Teen Programs		\$417.77
			Subtotal	\$1,125.23
Milpitas	January 1 - June 30, 2020	Description	Friends of the Milpitas library	
		Programs for Adults, Teens & Children		\$4,082.55
			Subtotal	\$4,082.55
Morgan Hill	January 1 - June 30, 2020	Description	Friends of the Morgan Hill Library	
		Books and materials for library programs		\$2,256.65
			Subtotal	\$2,256.65
Saratoga		No Gifts to report		\$0.00
Reading Program		No Gifts to report		\$0.00
			Total	\$16,365.29



Item 3.c

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020

TO: Joint Powers Authority Board - Finance Committee

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Recommend to the JPA to accept cash donation of \$2,771.37 to the Santa Clara County Library District**

RECOMMENDED ACTIONS

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of \$2,771.37 made to the Santa Clara County Library District from various donors for library materials.

BACKGROUND/REASONS FOR RECOMMENDATION

The Santa Clara County Library has received cash donations from various donors, which are to be appropriated 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.

STEPS FOLLOWING APPROVAL

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



Item 3.d

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020

TO: Joint Powers Authority Board - Finance Committee

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Recommend to the JPA to accept cash donation of \$104,000 for the Saratoga Library**

RECOMMENDED ACTIONS

It is recommended the Committee approve and recommend the Board accept a cash donation of \$104,000 for the Saratoga Library from the Friends of the Saratoga Library.

BACKGROUND/REASONS FOR RECOMMENDATION

The Friends of the Saratoga Library have presented the Library with a cash donation, which is to be appropriated for library services.

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.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The JPA Chair has acknowledged this gift.



Item 3.e

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020

TO: Joint Powers Authority Board - Finance Committee

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Recommend to the JPA to accept cash donation of \$1,000 for the Saratoga Library**

RECOMMENDED ACTIONS

It is recommended the Committee approved and recommend the Board accept a cash donation of \$1,000 for children's library materials from the Friends of the Saratoga Library.

BACKGROUND/REASONS FOR RECOMMENDATION

The Friends of the Saratoga Library have presented the Library with a cash donation, which is to be appropriated for children's 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.

STEPS FOLLOWING APPROVAL

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



Item 3.f

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020

TO: Joint Powers Authority Board - Finance Committee

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Recommend to the JPA to accept a cash donation of \$1,001 to the Saratoga Library**

RECOMMENDED ACTIONS

It is recommended the Committee approve and recommend the Board accept a cash donation of \$1,001 for library materials (large type books) from Bala Narasimhan in memory of Lakshmi Krishnamoorthy.

BACKGROUND/REASONS FOR RECOMMENDATION

Bala Narasimhan has presented the Library with a cash donation, which is to be appropriated for library materials (large type books.)

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.

STEPS FOLLOWING APPROVAL

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



Item 4.a

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020
TO: Joint Powers Authority Board - Finance Committee
FROM: Jennifer Weeks, County Librarian
SUBJECT: **Accept Fiscal Year 2019-20 Year-End Fiscal Report**

RECOMMENDED ACTIONS

It is recommended that the Committee review and recommend the Board accept the attached Fiscal Report for the Santa Clara County Library District for the period ending June 30, 2020.

BACKGROUND/REASONS FOR RECOMMENDATION

Acceptance of this report by the JPA will acknowledge that the books have been closed for Fiscal Year 2019-20.

FISCAL IMPLICATIONS

The recommended action does not affect revenues or expenditures as recorded in the County of Santa Clara's financial accounting system. Reconciliation of accounts shows the following for the close of fiscal year 2019-20.

• FY 2019-20 Current Revenue:	\$60,916,210
• FY 2019-20 Operating Expenditures:	<u>\$53,152,757</u>
Revenues Exceed Operating Expenditures by:	\$ 7,763,453
• Library Fund Net Equity including Designated Reserves:	\$59,037,945

Please see the attached report for a detailed account analysis of the fiscal year 2019-20 year-end close.

Fiscal Year 2019-2020
Year-end Review of Revenue

REVENUE SOURCE	FY 18-19 Actual	FY 19-20 Budget	FY 19-20 Actual	Variance from Prior Year
Property Tax - Current Secured	\$ 29,742,754	\$ 31,118,653	\$ 31,694,654	\$ 1,951,901
Property Tax - Unitary Roll	913,559	873,851	859,005	(54,553.95)
RPTTF Residual	1,530,949	1,471,000	1,771,593	240,644.41
Property Tax - Current Unsecured	2,358,889	2,312,130	2,215,684	(143,204.26)
Supplemental Roll	1,310,964	753,502	918,399	(392,565.86)
Motor Vehicle in Lieu Tax	3,498,239	3,696,000	3,735,554	237,314.95
RDA Pass-through	1,037,821	1,059,000	1,247,679	209,858.47
ERAF Reimbursement	<u>6,411,965</u>	<u>8,071,000</u>	<u>9,386,422</u>	<u>2,974,458</u>
Subtotal All Property Tax	\$ 46,805,139	\$ 49,355,136	\$ 51,828,991	\$ 5,023,852
Library Fees and Charges	\$ 264,023	\$ 232,000	\$ 175,534	\$ (88,489)
Library Overdue Fines	311,547	250,000	230,283	(81,263)
Interest Earnings	778,414	500,000	880,211	101,798
Homeowner Prop. Tax Relief	142,483	142,768	140,390	(2,092)
State LSCA	98,791	53,523	103,791	5,000
Other State Grants	81,844	0	33,947	(47,897)
Contributions from Cities	1,718,082	567,458	567,458	(1,150,624)
Special Tax	5,855,190	5,895,434	5,942,468	87,279
Other Library Services	34,981	21,250	5,087	(29,894)
Contributions & Donations	437,620	0	415,565	(22,055)
Passport Fees	191,976	286,710	192,095	119
Misc. Income and Adj.	94,583	10,000	24,041	(70,542)
Contribution from County	281,413	51,000	342,757	61,344
Federal Medicare Credit	<u>36,426</u>	<u>30,000</u>	<u>33,591</u>	<u>(2,835)</u>
SUBTOTAL	\$ 10,327,372	\$ 8,040,143	\$ 9,087,219	\$ (1,240,152)
Total Current Revenue	\$ 57,132,510	\$ 57,395,279	\$ 60,916,210	\$ 3,783,700
Transfer from Technology Reserve	\$ -	\$ 550,000	\$ -	\$ -
Transfer from Building Reserve	0	2,395,000	0	0
Carryover Budget	0	2,095,000	0	0
TOTAL	\$ 57,132,510	\$ 62,435,279	\$ 60,916,210	\$ 3,783,700

Fiscal Year 2019-20
Year-end Review of Expenditures

EXPENDITURE CATEGORY	FY 18-19 ACTUAL	FY 19-20 BUDGET	FY 19-20 ACTUAL	Variance from Prior Year
Permanent Employees	\$ 18,532,073	\$ 21,714,277	\$ 19,931,403	\$ 1,399,330
Temporary Employees	1,405,867	1,700,679	1,161,960	(243,908)
Overtime	9,617		18,092	8,475
Unemployment Insurance	12,956	5,607	6,032	(6,923)
Premium Pay	345,391	339,000	265,273	(80,118)
Uniform Allowance	0	3,000	0	0
Health Insurance	4,504,464	4,673,401	4,725,295	220,831
Retiree Health Insurance	1,511,937	1,672,424	1,823,358	311,422
FICA Soc.Sec.- Medicare	1,488,758	1,749,020	1,582,053	93,294
PERS Retirement	3,975,674	5,001,616	4,530,978	555,304
Workers' Comp. Insurance	302,424	339,106	324,948	22,524
Holiday Overtime	39,758	0	38,038	(1,720)
Total Object 1	\$ 32,128,919	\$ 37,198,130	\$ 34,407,430	\$ 2,278,511
Safety Shoes	\$ 4,000	\$ 3,000	\$ 3,264	\$ (736)
Telephone Service	139,093	317,682	167,461	28,368
Insurance	220,341	237,741	237,742	17,401
Equipment Maint.	791,159	769,273	882,535	91,376
Structure Maint & Improve.	760,744	3,403,120	993,667	232,923
Office & Book Proc.Supplies	605,943	610,000	639,788	33,845
Incentives and Promotions	16,713	50,000	1,605	(15,107)
Summer Reading Marketing	52,148	15,000	34,140	(18,008)
Co. Professional Serv.	54,315	55,000	82,490	28,175
Prof.&Specialized Ser.	946,874	2,369,400	1,365,189	418,316
Contract Services Literacy	19,149	0	2,000	(17,149)
Co. Data Processing	388,432	447,099	383,642	(4,790)
Data Processing Services	55,398	70,200	59,051	3,653
Equipment Rent/Lease	256,218	206,000	273,823	17,605
Building Rent	363,685	365,355	369,869	6,184
Small Tools& Equip.	127,403	145,000	75,887	(51,516)
Furniture	402,048	276,000	482,923	80,874
Education Expense	0	75,000	111	111
Workshops, Conferences	34,993	30,000	26,836	(8,157)
Books	7,406,012	7,661,386	8,322,228	916,216
Membership Dues	50,598	55,000	48,137	(2,461)
External Printing	105,274	211,168	42,833	(62,441)
Co. Printing	483	0	1,246	763
Business Travel & Meetings	63,533	77,200	57,422	(6,111)
Auto. Mileage Reimb.	24,284	27,500	20,358	(3,926)
Garage Fleet Services	97,603	69,135	78,952	(18,651)

EXPENDITURE CATEGORY	FY 18-19 ACTUAL	FY 19-20 BUDGET	FY 19-20 ACTUAL	Variance from Prior Year
Utilities	\$ 1,074,182	\$ 1,258,000	\$ 1,224,690	\$ 150,508
County Overhead	1,036,111	1,101,459	1,101,459	65,348
PC Hardware	394,804	2,214,455	1,081,692	686,889
PC & Application Software	649,490	1,049,424	646,993	(2,497)
Postage	17,325	200,000	6,865	(10,460)
Mailroom/Postage	9,396	12,388	6,542	(2,854)
Settlement & Misc. Expense	14,157	12,000	23,888	9,731
Total Object 2	\$ 16,181,907	\$ 23,393,985	\$ 18,745,327	\$ 2,563,420
Equipment	\$ 62,706	\$ 1,462,294	\$ 205,932	143,226
Vehicles	0	130,000	45,388	45,388
GRAND TOTAL	\$ 48,373,532	\$ 62,184,409	\$ 53,404,078	\$ 5,030,546

Designated Reserves

Designated Reserves	FY 19-20 Beginning	FY 19-20 End
Building Reserve	\$ 5,414,000	\$ 7,297,000
Technology Reserve	8,720,000	6,325,000
Total	\$ 14,134,000	\$ 13,622,000

FUND BALANCE STATUS June 30, 2020

<u>Category</u>	<u>June 30, 2019</u>
Designated Reserves	\$ 13,622,000
Reserves for Economic Uncertainty	\$ 17,000,000
Services & Support Center Fund Balance	\$ 7,800,000
Reserve for Encumbrances	\$ 2,690,091
Undesignated Fund Balance	\$ 17,925,854
Net Fund Equity	\$ 59,037,945
<u>Other Library Funds</u>	
Fund 1701 -- Silicon Valley Reads	\$ 18,997
Fund 1700 -- Special Tax	\$ 199,683
Total Net Equity -- All Funds	\$ 59,256,625

SOURCE AND USE OF FUNDS STATEMENT -- FUND 0025

SOURCES OF FUNDS	2018-19 Actual	2019-20 Adopted	2019-20 Modified	2019-20 Actual
Beginning Fund Balance				
Building Reserve	5,904,000	5,414,000	5,414,000	5,414,000
Technology Reserve	400,000	8,720,000	8,720,000	8,720,000
Economic Uncertainty Reserve	13,000,000	13,000,000	17,000,000	17,000,000
Reserve for 1344 Dell Ave	7,800,000	7,800,000	7,800,000	7,800,000
Encumbrances	1,448,933	1,448,933	1,657,213	1,657,213
Undesignated Fund Balance	14,213,900	9,603,088	10,934,599	10,934,599
Total Beginning Fund Balance	42,766,834	45,986,022	51,525,812	51,525,812
Revenue				
Property Tax	40,393,174	41,284,136	41,284,136	42,460,549
State ERAF Reimbursements	6,411,965	8,071,000	8,071,000	9,368,442
Other State Sources	180,635	53,523	53,523	137,738
Special Tax	5,855,190	5,895,434	5,895,434	5,942,468
City/County Contribution	1,999,495	618,458	618,458	910,215
Fines & Fees	575,570	482,000	482,000	405,817
Other	1,716,482	990,728	990,728	1,690,980
Total Current Revenue	57,132,510	57,395,279	57,395,279	60,916,210
TOTAL SOURCES OF FUNDS	99,899,344	103,381,301	108,921,091	112,442,022
USES OF FUNDS				
Expenditures				
Personnel	32,128,919	36,958,430	37,198,130	34,407,430
Books and Materials	7,406,012	7,661,386	7,661,386	8,322,228
Facilities	2,960,093	5,857,898	5,857,898	3,448,276
Services and Supplies	5,815,801	9,894,412	9,874,701	6,974,823
Total Operating Budget	48,310,825	60,372,126	60,592,115	53,152,757
Fixed Assets and Vehicles				
Equipment	62,706	475,000	1,462,000	205,932
Vehicles	0	55,000	130,000	45,388
Total Fixed Assets	62,706	530,000	1,592,000	251,320
Capital Expenditures	0	7,800,000	7,800,000	0
Ending Fund Balance				
Building Reserve	5,414,000	7,297,000	7,297,000	7,297,000
Technology Reserve	8,720,000	6,325,000	6,325,000	6,325,000
Economic Uncertainty Reserve	17,000,000	17,000,000	17,000,000	17,000,000
Reserve for 1344 Dell Ave	7,800,000	0	0	7,800,000
Encumbrances	1,657,213	1,448,933	1,657,213	2,690,091
Undesignated Fund Balance	10,934,599	2,608,242	6,657,763	17,925,854
Total Ending Fund Balance	51,525,812	34,679,175	38,936,976	59,037,945
TOTAL USES OF FUNDS	99,899,344	103,381,301	108,921,091	112,442,022



Item 4.b

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020
TO: Joint Powers Authority Board - Finance Committee
FROM: Jennifer Weeks, County Librarian
SUBJECT: Budget Update for Fiscal Year 2020-21

RECOMMENDED ACTIONS

It is recommended that the Committee receive an update on the Fiscal Year 2020-21 Budget and recommend next steps for JPA consideration in relation to implications from forthcoming State initiated revenue reductions.

FISCAL IMPLICATIONS

A Board-approved Reserve for Economic Uncertainty ("Reserve") was established with the intention of weathering typical economic fluctuations. This \$17,000,000 Reserve was based on the depth and breadth of the last economic downturn, i.e. calculating the percentage of property tax revenue lost during the last economic downturn, the length of time it took to recover from those losses, and applying those factors to current property tax revenue. The intention of this Reserve is to provide enough financial cushion until the economy recovers, allowing existing library services to continue at a time when Library District residents will need these free services the most.

Although the amount of this Reserve is sufficient to weather the estimated reduction and slowed growth of regular property tax revenue as predicted by the County's consulting economist, an additional State impact to the Library's Educational Revenue Augmentation Fund ("ERAF") reimbursements still looms; and the level of this impact will not be known until at least December of 2020. While the Adopted 2020-21 Library Budget already assumes a 50% reduction in ERAF reimbursements, the State's reductions could exceed that amount and include the State reclaiming a portion of the \$9.37 million in Fiscal Year 2019-20 ERAF reimbursement already received on June 25, 2020.

For the \$4.67 million in estimated ERAF reimbursements in the 2020-21 adopted budget, mitigations are already in place should all of this revenue be eliminated by the State. Due to COVID-19 impacts and the resulting significant reduction of library hours of service, Library Administration has paused hiring on all but the most critical vacant staff positions, temporarily furloughed extra help employees, and limited part-time staff to their "coded" hours. These actions are expected to provide salary savings equal to or in excess of the \$4.67 million in ERAF reimbursements estimated in the 2020-21 adopted budget.

Beyond these savings, additional strategies will be required should the state demand repayment of a portion of the \$9.37 million in 2019-20 ERAF reimbursements.

Here are two possible impacts. Impact 1 is a further 50% reduction in 2019-20 and 2020-21 ERAF reimbursements while Impact 2 is a complete elimination of 2019-20 and 2020-21 ERAF reimbursements. The final impact is likely to be somewhere in the middle.

	IMPACT 1	IMPACT 2
2020-21 ERAF Reimbursement Estimate	4,667,000	4,667,000
2019-20 ERAF Reimbursements	9,368,442	9,368,442
2020-21 Modified Cash Balance* (including the amounts above)	12,131,884	12,131,884
2020-21 ERAF Reduction	(2,333,500)	(4,667,000)
2019-20 ERAF Reduction	(4,684,221)	(9,368,442)
Total Revenue Loss	(7,017,721)	(14,035,442)
Salary/Benefit Savings	4,766,671	4,766,671
Net Revenue Loss	(2,251,050)	(9,268,771)
Revised Cash Balance*	9,880,834	2,863,113
Reserve for Economic Uncertainty	17,000,000	17,000,000
Available Cash	26,880,834	19,863,113
*not including Reserves		

NEXT STEPS

In either scenario, the Library's cash position remains strong, especially considering that an additional \$17,000,000 in Reserves are available as one potential strategy to address financial impacts beginning in Fiscal Year 2021-22. Nevertheless, to further address the likely structural imbalance that will occur in any funding reduction scenario, Library Administration is preparing a list of proposed vacant position eliminations for consideration in January. In addition, once the State impacts are known, the Library will present to the JPA Finance Committee and Board a range of options to include the use of the Reserve, further budget reductions, or a combination of both.



Item 4.c

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: October 14, 2020

TO: Joint Powers Authority Board - Finance Committee

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Elimination of Overdue Fines**

RECOMMENDED ACTIONS

It is recommended that the Committee consider and recommend the JPA Board approve the elimination of the imposition and collection of overdue fines for library materials for all patrons effective January 1, 2021, and to revise the current fines and fees policy to reflect the change. The Library will then clear active patron overdue fines as of January 1, 2021 and continue to bill and collect for lost items and block patron access if items are not returned or paid for based on current loan periods.

BACKGROUND/REASONS FOR RECOMMENDATION

The Mission Statement of the Library District defines our role as an open forum promoting knowledge, ideas, and cultural enrichment through access to free resources. The library is a place of discovery and support available to all residents of our District.

Currently, the Library does not charge overdue fines for Children's materials, and fines for seniors over the age of 65. Additionally, at age 18, all youth accounts are reset to a clear balance. Overdue fines are only charged on adult and teen materials at a rate of \$0.25 per day per item. Once an account balance reaches \$20, the patron may not check out any physical materials from the library. Replacement fees are charged and will continue on all lost or damaged materials.

Overdue fines create barriers to library resources for those in our community who often need access the most. Early literacy skills are crucial to school readiness, so it is important that parents and caregivers have materials they can use at home to practice reading, singing, talking, writing, and playing with their little ones. Teens can find encouragement at the library through shared reading experiences. Library programs and books empower those looking to build job skills or learn English. Free Library access is not only enriching, but equalizing for our society.

The District's core values focus on creating a beneficial environment where our patrons feel valued by positive Library interactions that build community. Fine collection requires substantial staff time and can often be a point of friction with our patrons. Rather than using a system that penalizes, the District can focus staff resources on material recovery and providing a positive experience that welcomes patrons back to the Library. And as more library resources move online, there is parity in the digital model which collects no fines.

Regionally and nationally, fine free is expanding, as libraries focus on enabling fair access for all. The American Library Association (ALA) passed a [resolution](#) in 2019 stating that fines present an economic barrier to access to free library services based on Article V of the Library Bill of Rights and encourages all public libraries to actively move to eliminate them. We all want to make the Library as accessible as possible.

Recently, the Urban Libraries Council of which SCCLD is a member developed the [Fine Free map](#) to exemplify this important trend. The following local systems are already fine free:

- Alameda County Library
- Contra Costa County Library
- Los Gatos Public Library
- Marin County Free Library
- Mountain View Public Library
- Palo Alto Public Library
- Redwood City Public Library
- San Mateo County Library
- Sunnyvale Public Library

In our Library Journal 4 Star category, three of the five peer systems including Multnomah County, Columbus Metropolitan and San Francisco are also fine free.

SCCLD will be implementing automatic renewals by December 2020 which will automatically renew loans if no other patron is waiting for the item. And, reports from library systems around the country show that return rates often increase with the elimination of fines.

This unprecedented year has shown how important the Library is to our patrons in so many different ways. Removing overdue fines will enable 3,276 patrons to regain access to our collections and, more importantly, show the community the Library's determination to provide public service successfully for all while responding strategically and flexibly to new circumstances to support life-long learning.

FISCAL IMPLICATIONS

Total fines collected annually represent a nominal revenue of 0.5% of our budget and do not take into consideration the significant cost of staff resources required in the collection. Last fiscal year \$230,283 was collected in overdue fines. The cost of staff time involved in the work associated with the processing of these fines is estimated at \$105,000-\$140,000.

Going Fine Free:

Why public libraries across California and the USA who have eliminated overdue fines for ALL patrons

Libraries in California:

Alameda County Library
Studies have shown that library fines create significant barriers to library access, especially for families on fixed incomes and among children and teens.
Berkeley Public Library
The decision to end overdue fees came after the library administration and Board of Library Trustees realized that the 11,000 people blocked from taking out books because of unpaid overdue fees came from Berkeley's lowest-income zip codes — 94702, 94703 and 94710. While charging late fees had originally been meant to encourage people to return books on time, it ended up acting as a barrier to use for many, particularly those with low incomes, according to Elliot Warren, the acting director of the library. "Public libraries are the people's university and we need to make sure they are accessible to everyone," said Warren in a statement. "The current practice unintentionally tells some people they are not welcome."
Contra Costa County Library
By eliminating fines, the library is removing barriers and making access easy, equitable and enjoyable for everyone. "Our libraries are open for the entire community to take advantage of all they have to offer," said Contra Costa County Supervisor Karen Mitchoff. "Saying goodbye to fines gives everyone an opportunity to restart their relationship with the library."
Los Angeles Public Library
"The burden of the fines placed on Angelenos is significant — for students, for families who don't have a lot of spending money, for seniors on a fixed income," Mayor Eric Garcetti said during a news conference at L.A.'s downtown Central Library. "Library fines can be a barrier to tapping into all the incredible resources that we have here in our libraries."

<p>Marin County Free Library</p>
<p>"To make all our services more equitable and be as inclusive as possible."</p>
<p>Palo Alto City Library</p>
<p>The removal of late fines was recommended in response to industry trends towards removing barriers to access, implementation of automatic renewals, and the recommendation of the Palo Alto City Library Advisory Commission on August 22, 2019. Eliminating library late fines will also decrease administrative work associated with the collection and enforcement of fines.</p>
<p>Redwood City Public Library</p>
<p>One of Redwood City Public Library's Service Priorities for Redwood City and North Fair Oaks is to provide opportunities for community members of all income levels. The elimination of fines is a major step toward our equity aspiration for the community. Our new fines free policy builds on Peninsula Library System's 2016 elimination of overdue fines for children and teens. By eliminating fines, we join a wave of libraries across California and the nation who have ceased charging fines.</p>
<p>San Diego Public Library</p>
<p>Head librarian Misty Jones said overdue fines are being eliminated to avoid cutting the poor off from a vital service and to boost recovery of overdue items. She said fines actually do more harm than good by discouraging some patrons, especially those with low incomes, from continuing to use the library. More than 128,000 library card holders are blocked from checking out materials because of delinquent fines, including more than 13,000 juveniles.</p>
<p>San Francisco Public Library</p>
<p>Library fines are a barrier to equitable access of resources and services, disproportionately affect low-income San Franciscans, create conflict between patrons and the library, require an inefficient use of staff time and do not consistently ensure borrowed materials end up back on library shelves.</p>

San Mateo County Libraries

Studies have shown that late fines can be a significant barrier to library access and drive borrowers away, particularly among individuals with low or fixed incomes. Currently, 8% of all San Mateo County Libraries' 165,000 cardholders currently have their cards blocked due to fines. In our lower-income communities, the number can be as high as 19%. Furthermore, the growing research has shown that fines do not actually incentivize patrons to return materials on time.

Sonoma County Library

"Research shows that charging fines doesn't make a difference in whether people bring back books on time," said Sarah Vantrease, Public Services Division Manager for the library. "Instead, we see that fines drive people away."

Libraries around the nation

Anchorage Public Library

Research has shown that overdue fines are not effective in encouraging the return of library material. Instead, they can quickly become a barrier to using the library altogether.

Chicago Public Library

At Chicago Public Library, we're committed to removing barriers to using the library. Fines disproportionately impact those who most need library services. Reflecting a growing movement in the library community, this decision is part of Mayor Lightfoot's initiatives to reform Chicago's fines and fees systems to increase equity.

Dallas Public Library

"The library's mission is to provide access for all," Dallas Public Library Director Jo Giudice said in a statement. "Late fines create barriers by punishing people who are unable to pay them. Eliminating fines is an issue of equity."

Durham County Library
Reason for Eliminating Fines: Durham County Library Director Tammy Baggett-Best said, "It has long been a goal of our libraries to go fine free. We are committed to being an organization that creates equal access to resources. Too often late fees create barriers for members of our community and keep customers from returning to our libraries. We want Durham County residents to know everyone's welcome at the library."
Fort Vancouver Regional Libraries
The cost of handling the money outweighed the benefit.
Free Library of Philadelphia
"By saying goodbye to fines, we're welcoming back the nearly 88,000 cardholders who are currently unable to take full advantage of the library due to owing fines. We're also anticipating increases in circulation, an uptick in new library card signups, and more overall visits to libraries throughout the city."
Jefferson County Public Library
"Our mission is to provide the opportunity for the use of materials and services by our community. Overdue fines impede our efforts and actually prevent people from using the library," said Judi Terpening, Library Director.
Madison Public Library
"Madison Public Library is proud to support our commitment to equity and literacy. By eliminating nearly all overdue fines and ceasing to use a collections agency, we want to encourage even more Madisonians to use the library by removing those barriers to library services," said Library Director Greg Mickells. "Especially now, we need to make our libraries more accessible." "Madison Public Library has joined public libraries across the nation that recognize library fines as an equity issue," said Mayor Satya Rhodes-Conway. "By eliminating fines, nearly 10,000 library users will be able to check out library materials again and take advantage of all that our award-winning libraries have to offer."

Multnomah County Library

"Our public libraries exist to provide free and equal access to shared resources for everyone," said Multnomah County Chair Deborah Kafoury. "And yet, the practice of assessing punitive fines for late returns has locked people out, many of whom are already facing hardships. The resources, support and sense of belonging found in our libraries are needed urgently during these trying times, and I'm grateful that this change will further open access to this community asset."

Nashville Public Library

According to Emily Waltenbaugh, public information officer with NPL, library staff were concerned about the number of accounts that had been blocked because of fines exceeding a \$20 limit. They discovered that as many as 50,000 cards were blocked at any given time, out of a total of 300,000 cardholders. This is a "huge percentage," she said, and the library was eager to "bring patrons back to the library." Waltenbaugh said. "We just want the items back, we don't want to profit off patrons." According to NPL Director Kent Oliver, "Accessibility for all in our community is a core value for Nashville Public Library; it's at the center of how we view our library. That's why it makes sense to do away with late fines."

Pima County Public Library

"We hope that taking this step will help everyone coping with financial challenges. We want everyone in our community to have full access to all the Library has to offer. Overdue fines were a barrier to some, and we're proud to join many public libraries in eliminating them!"

Richmond Public Library

Fines disproportionately affect low-income, African American and Hispanic communities, and they want to increase library use and accessibility for Richmond residents.

Saint Louis Public Library

"Public libraries provide vital resources and life enrichment throughout our communities," said St. Louis Public Library CEO Waller McGuire. "Individuals, families, businesses, adults, children—the world comes through our doors and networks. Our boards voted to open more doors by eliminating fines. It is a wonderful gift for St. Louis and a great step forward for the region."

Saint Paul Public Library

Community engagement and national research reveal that fines create a barrier to library use for many people. While many library users incur late fines, the ability to pay them depends greatly on income. Those who are able to pay can keep using the library, whereas those who are unable to pay cannot. This runs counter to our public mission.

Salt Lake City Public Library

In his recommendation to the Board, City Library Executive Director Peter Bromberg wrote, "Fines have not been shown to be an effective deterrent to the late return of materials. However, fines have been shown to act as an inequitable barrier to service, disproportionately impacting children and community members with the least financial resources... Late fines are therefore in opposition to the Library's core values of equitable service, fostering early literacy, and barrier-free access to information and services. From both a mission and a values standpoint, late fines should be eliminated."

Scottsdale Public Library

Library officials believe abolishing the late fines will break down barriers to reach all residents, as late fines or the possibilities of incurring fines keeps those with limited means, fixed-income or transportation challenges away from the library.

Seattle Public Library

Late fines are not effective. Other Library systems have stopped charging late fines and shown that this has no impact on return rates. Getting rid of late fines can even increase use of Library materials. It's good for our community. Late fines prevent people who cannot afford them from using the Library in the first place. Fines are not predictable revenue. With more people using digital materials like e-books, we can no longer count on late fines to help cover costs.

Spokane Public Library

Eliminating fines ensures all people have access to Library books and materials. Fines prevent some people from using the library. While many library users accrue late fines, the ability to pay them depends greatly on income. Those who are able to pay keep using the Library, whereas those who are unable to pay cannot. Eliminating fines will encourage prior users to come back to the library and attract new users to experience library services.