



Agenda Report

MEETING DATE: Tuesday, May 25, 2021

TO: CITY COUNCIL

FROM: INTERIM LIBRARY DIRECTOR MARTINEZ

**SUBJECT: AMEND THE CURRENT JOINT POWERS AUTHORITY
AGREEMENT WITH THE SANTA CRUZ COUNTY LIBRARY
FINANCING AUTHORITY**

STATEMENT OF ISSUES:

An amendment extending the term of the Joint Powers Authority agreement with the Santa Cruz County Library Financing Authority through June 2022.

RECOMMENDED ACTION:

Approve the third amendment to the Joint Powers Authority agreement establishing the Santa Cruz County Library Financing Authority and authorize the City Manager to sign the amendment.

BACKGROUND:

Financing of public library services in Santa Cruz County is provided through the Santa Cruz County Library Financing Authority (LFA), a Joint Powers Authority formed in 1996 by the County of Santa Cruz and the cities of Capitola, Santa Cruz, Watsonville, Scotts Valley, established for the purpose of consolidating and providing for equitable financing of library services. LFA funding is currently provided through the proceeds of the voter-approved quarter-cent sales tax for libraries (Measure R) and from jurisdictional contributions (also referred to as Maintenance of Effort contributions) from the cities of Santa Cruz and Watsonville and the County Library Fund, which includes Capitola and Scotts Valley.

Under the original LFA agreement approved in June 1996, the cities of Santa Cruz and Watsonville contributed a fixed amount from their general funds, and the County Library Fund contributed an amount based on property taxes collected in the unincorporated area and cities of Capitola and Scotts Valley. When the LFA was established, the City of Santa Cruz contributed more than the County Library Fund based on population, and these amounts were intended to equalize. That occurred in approximately 15 years, and the County Library Fund's contribution continued to grow from property taxes. In December 2015, the jurisdictions amended the LFA agreement to establish a five-year term through June 30, 2021 and to adjust the contributions as follows:

- **County Library Fund:** The County Library Fund contributes a fixed amount of approximately \$5 million annually beginning in FY 2016-17. The County Board of Supervisors allocates any excess property taxes in the Library Fund for exclusive use on library improvements or services at County Library Fund branches in consultation with the cities of Capitola and Scotts Valley and library staff.
- **City of Santa Cruz:** The City of Santa Cruz contributes an amount that increases \$70,000 annually beginning in FY 2016-17. The Santa Cruz City Council allocates an additional \$30,000 annually for exclusive use on library improvements or services at City branches in consultation with library staff.
- **City of Watsonville:** The City of Watsonville contributes a fixed amount and receives a fixed distribution, beginning an approach to phased down their allocation to a targeted level of funding based on the population served. The remaining amount available from contributions, is distributed to the Santa Cruz City/County Library System.

The jurisdictions wish to further amend the LFA agreement to increase the contributions for the City of Santa Cruz and the County Library Fund in FY 2021-22 while a long-term agreement is reached that takes into consideration the funding of major maintenance at branches. Staff are also updating the schedule for Watsonville target funding based on the population served and property tax growth.

DISCUSSION:

The third Amendment to the Joint Exercise of Powers Agreement Establishing the Santa Cruz County Library Financing Authority, which provides for the following:

- Establishes contributions for FY 2021-22
 - County Library Fund = \$5,322,541 (\$250,000 or 5% increase)
 - City of Santa Cruz = \$1,814,751 (\$70,000 or 4% increase)
 - City of Watsonville = \$541,685 (no change)
- Updates budget process and disbursement of funds, maintaining existing procedures
- Extends the term through June 30, 2022
- Other minor clean up to general provisions and indemnification

ALTERNATIVE ACTION:

The Council can choose not to approve this amendment, which would jeopardize the library from receiving the voter-approved quarter-cent sales tax for libraries (Measure R).

ATTACHMENTS AND/OR REFERENCES (If any):

None.