

**THIRD AMENDMENT TO THE JOINT EXERCISE OF POWERS  
AGREEMENT ESTABLISHING THE SANTA CRUZ COUNTY LIBRARY  
FINANCING AUTHORITY**

**WHEREAS**, the Santa Cruz County Library Financing Authority (“the Financing Authority”) was created in 1996 for the purpose of financing library services and facilities; and

**WHEREAS**, the Financing Authority was established pursuant to the Joint Exercise of Powers Law of the State of California, constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (“the Act”); and

**WHEREAS**, an original agreement entitled the “Joint Exercise of Powers Agreement Santa Cruz County Library Financing Authority” (“the Agreement”) was entered into by each of the parties in May 1996; and

**WHEREAS**, an agreement amending the original Agreement was entered into by each of the parties in November 2013; and

**WHEREAS**, a Second Amendment to the Agreement was entered into by each of the parties in December 2015; and

**WHEREAS**, a Third Amendment to the Agreement is necessary to increase the Maintenance of Effort contributions and extend the term one year while a long-term agreement is reached; and

**WHEREAS**, said Section 9.5 of said Second Amendment authorizes amendments at any time, or from time to time, only by the unanimous consent of the parties.

NOW THEREFORE, the Board of Supervisors of the County of Santa Cruz, and the City Councils for the Cities of Santa Cruz, Watsonville, Scotts Valley and Capitola agree to further amend the Second Amendment as follows:

1. **Article I – General Provisions** is hereby amended to read as follows:

Section 1.5 – Meetings of the Board.

(D) Closed Sessions. All information received by the Board in a closed session related to the information presented to the Board shall remain confidential. In accordance with California Government Code Section 54956.96, however, a Director may disclose information obtained in a closed session that has direct financial or liability implications for a Party to the following individuals:

- (1) Legal Counsel for that Party for purposes of obtaining advice on whether the matter has direct financial or liability implication for that Party; and

(2) Other members of the legislative body of that Party present in a closed session of that Party.

2. **Article III – Contributions** is hereby amended to read as follows:

Section 3.1 – Maintenance of Effort Contributions of the Cities. Commencing with the 2021-22 fiscal year, the City of Santa Cruz shall contribute a Maintenance of Effort (“MOE”) amount each year in the amounts shown below:

**City of Santa Cruz Maintenance of Effort**

<b>Fiscal Year</b>	<b>Amount</b>
2021-22	\$1,814,751

The City of Santa Cruz shall allocate an additional \$30,000 annually in a City Library Fund for exclusive use on library improvements, major maintenance, or services at City branches. Use of these funds shall be determined by the Santa Cruz City Council with input by library staff.

Commencing with the 2021-22 fiscal year, the City of Watsonville shall contribute a MOE amount each year in the amounts shown below:

**City of Watsonville Maintenance of Effort**

<b>Fiscal Year</b>	<b>Amount</b>
2021-22	\$541,684

Section 3.2 – Maintenance of Effort Contributions of the County. Commencing with the 2021-22 fiscal year, and subject to the terms below, the County of Santa Cruz, on behalf of the Unincorporated Area and the cities of Capitola and Scotts Valley, shall contribute a MOE amount from the County Library Fund each year in the amounts shown below:

**County Library Fund Maintenance of Effort**

<b>Fiscal Year</b>	<b>Amount</b>
2021-22	\$5,322,541

If the Annual Net Amount of Allocated Taxes received by the County Library Fund is less than the annual MOE amount shown above, the County shall contribute the lesser amount as its annual MOE contribution. In no instance shall the County’s annual MOE contribution exceed the Annual Net Amount of Allocated Taxes received by the County Library fund.

If the Annual Net Amount of Allocated Taxes received by the County Library Fund exceeds the annual MOE amount shown above, the County shall allocate any excess funds in the

County Library Fund for exclusive use on library improvements, major maintenance, or services at County Library Fund branches (including Capitola and Scotts Valley branches) with input by library staff and the cities of Capitola and Scotts Valley. The allocations and uses for the excess Library Fund monies will be further detailed in future agreements.

3. **Article IV – Annual Budget/Disbursement of Funds** is hereby amended as follows:

Section 4.2 – Budget Process. On or before January 31 of each year, the County Administrative Office, after consulting with the Financing Authority's Controller, shall provide the Financing Authority's Board with a report including an estimate of the funds available to the Financing Authority for the upcoming fiscal year and the population of the cities and county for the preceding January as contained in the Official State Estimates of the Population for California Cities and Counties (Report E-1 or its successor). As used herein, the fiscal year begins on July 1 and ends on June 30. The Report shall include:

- (A) An estimate of the amount available from MOE contributions received by the Financing Authority pursuant to Section 3.1 and Section 3.2 of this Agreement;
- (B) An estimate of the amount available from the proceeds of any taxes or fees received by the Financing Authority pursuant to Section 3.4 of the Second Amendment; and
- (C) An estimate of any carryover balances which may be available from preceding fiscal years.

Based on the Report on funds available, the Board shall make a determination for the upcoming fiscal year of the proposed amount to be distributed to Qualified Public Libraries in accordance with 4.3 of this Agreement.

Section 4.3 – Disbursement of Funds. Commencing with the 2021-22 fiscal year, the amounts available from MOE contributions, taxes or fees, and carryover balances or surplus funds shall be disbursed as follows:

(A) The Watsonville Library shall receive a fixed distribution in the amount of \$1,563,703 from the MOE contributions of the City of Watsonville and the County. This amount is equal to 2020-21 adopted budget and MOE distribution for the Watsonville Library during the preceding five (5) years. It is envisioned that the Watsonville Library's MOE distribution will remain fixed for an additional one (1) year after the term of this Agreement and then be reduced so that the Watsonville Library's share of the Annual Net Amount of Allocated Taxes received by the County Library Fund reaches the targeted level of funding based on the population served. The remaining amount available from MOE contributions shall be distributed to the Santa Cruz City/County Library System.

(B) The estimated amount available from the proceeds of any taxes or fees shall be distributed to the Santa Cruz City/County Library System, the Watsonville Library and any other Qualified Public Library, as defined in Section 4.4 of the Second Amendment, on a per capita basis using population figures for the previous January as estimated by the State of California in its Official State Estimates (Report E-1). The final distribution amount

for the upcoming fiscal year shall be determined in June following the issuance of updated population numbers by the State, as specified in Section 4.3 (D).

(C) The estimated amount available from any carryover balances or surplus funds shall be distributed to the Santa Cruz City/County Library System, the Watsonville Library and any other Qualified Public Library, as defined in Section 4.4 of the Second Amendment, on a per capita basis using population figures for the previous January as estimated by the State of California in its Official State Estimates (Report E-1). The final distribution amount for the upcoming fiscal year shall be determined in June following the issuance of updated population numbers by the State, as specified in Section 4.3 (D).

(D) For the purposes of the distributions provided for in Section 4.3 (B) and (C), the City of Watsonville population shall be increased by five percent (5%) of the County-wide total population and the County Unincorporated Area shall be decreased by five percent (5%) of the County-wide total population. The five percent (5%) adjustment is intended to reflect the fact that Watsonville's service area is larger than the population of Watsonville and includes portions of the Unincorporated Area.

The five percent (5%) adjustment to the population of Watsonville and the Unincorporated Area shall be further adjusted when Watsonville annexes portions of the Unincorporated Area. The adjustment will decrease the amount added to Watsonville's population and the amount subtracted from the Unincorporated Area population by the number produced by the following computation: the number of households annexed multiplied by the average persons per household. This adjustment is intended to eliminate a double counting of population, which would distort the population-based distribution provided in this agreement, by an annexation being included in both the Official State Population Estimates and the City of Watsonville's 5% population adjustment factor. For the purpose of the annexation computation, the average number of persons per household and the number of households shall be determined by County Planning, or if either the County or the City Watsonville so requests, by a joint count of the City of Watsonville and the County.

The five percent (5%) adjustment figure shall be computed each year in June using the County's total population for the previous January, as estimated by the State of California in its Official State Estimates. The five percent (5%) adjustment shall then be decreased for the City of Watsonville and increased for the County Unincorporated Area. If at any time the annexations reduce the five percent (5%) adjustment to zero, then no further adjustment shall be made for the duration of this Agreement other than the annual population adjustments.

4. **Article VI – Term and Withdrawal** is hereby amended as follows:

**Section 6.1 – Term.** The changes outlined in this Third Amendment shall commence upon the execution by the parties hereto, and will continue to remain in effect through June 30, 2022.

5. **Article VIII – Indemnification and Insurance** is hereby amended as follows:

~~Section 8.4—Closed Sessions. All information received by the Board in a closed session related to the information presented to the Board shall remain confidential. In accordance with California Government Code Section 54956.96, however, a Director may disclose information obtained in a close session that has direct financial or liability implications for a Party to the following individuals:~~

~~\_\_\_\_\_ (a) — Legal Counsel for that Party for purposes of obtaining advice on whether the matter has direct financial or liability implication for that Party; and~~

~~\_\_\_\_\_ (b) — Other members of the legislative body of that Party present in a closed session of that Party.~~

All other provisions of said Agreement shall remain the same.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below the name of each of the parties. This Third Amendment may be signed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

**COUNTY OF SANTA CRUZ**

Approved as to form:

By: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

**CITY OF SANTA CRUZ**

Approved as to form:

By: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

**CITY OF WATSONVILLE**

Approved as to form:

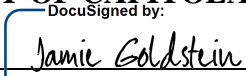
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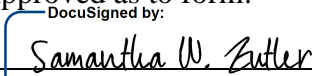
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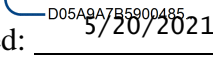
Dated: \_\_\_\_\_


**CITY OF CAPITOLA**

Approved as to form:

By:  \_\_\_\_\_

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Dated:  \_\_\_\_\_

 \_\_\_\_\_

**CITY OF SCOTTS VALLEY**

Approved as to form:

By: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_