

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 12/19/2011
Reviewed by: BP

SUBJECT: Contract with the County of Alameda for Additional Library Services, Fiscal Year 2011/2012, in the amount of \$690,895.

REPORT BY: Judy Lieberman, Assistant City Manager

ALBANY LIBRARY ADVISORY BOARD RECOMMENDATION

The Library Board voted to send the contract to Council for consideration without a recommendation.

STAFF RECOMMENDATION

Approve contract between the City of Albany and the County of Alameda for Additional Library Services for Fiscal Year July 1, 2011 – June 30, 2012.

BACKGROUND

In June 1994, Albany voters approved the Library Services Act of 1994, which assessed a \$42.00 per year tax on single-family residential parcels, and in June 2006, Albany voters approved a supplemental parcel tax of \$24.00, Measure G, to fund restoration of staff hours, the addition of four hours on Sunday, and the purchase of new materials as needed. These acts allow for the City Council to annually increase the taxes by the percentage increase in the Consumer Price Index for the San Francisco Bay Area, not to exceed 5%.

The contract with the County for fiscal year 2010/11 was \$680,186. The proposed contract for fiscal year 2011/12 is \$690,895. The proposed contract is equal to the projected revenue for the year from the two tax measures noted above.

DISCUSSION

The total County budget for the Albany Library has decreased over the past several years, from a high of \$1,982,560 in fiscal year 2009-10 to the current proposed level in the 2011/12 contract of \$1,677,184, a decrease of 305,376 or 15%. In FY2009/10 the city contract funded 34% of the library's budget. The FY11/12 contract will fund 41% of the total Albany branch budget.

As can be seen, over the past several years the County Library has lowered the total budget for the Albany branch as well as the overall level of County fiscal support as a proportion of the library budget. The Library Board has continued to express strong concerns regarding the withdrawal of County financial support, both in terms of the

impact on library services, and the lack of a clear understanding regarding revenue allocations to all of the branches throughout the library system. The County has consistently stated that costs are not developed or tracked on a "return to source" basis for each branch. However the County asserts that revenues are allocated according to a methodology that factors in the level of property tax and Utility User tax contributions, combined with resident population, non-resident users, and circulation (workload.) The county has been increasingly concerned that the Albany branch is allocated too high a percentage of funds based on the smaller size of the property tax income, and has steadily been decreasing revenues. Decreases in overall property tax revenues, state funding, and other factors have also impacted funds available to the County for library support.

In spite of these decreases, the Albany library remains open for 41 hours, although workloads have obviously increased as staff hours have declined. In particular, the lack of a dedicated children's librarian has been of concern. The Albany Library Board has been concerned about the decrease in funding levels and in particular about positions which exist in the budget but have never been filled. In addition, the per hour cost for contracted library hours is higher for the Albany branch than for any of the other branches.

The County's revenue allocation formula has not been clarified to explain this, although a draft mark up was provided to the Library Board on November 30, 2011. The allocation for indirect and systemwide costs for each library branch has also not been provided. Understandably, the lack of this information is problematic for the Board in terms of recommendations regarding the contract. With the assistance of Supervisor Keith Carson's office, the City and the County have entered into negotiations, and the county has agreed to establish a "Resource Allocation Project" to determine an equitable and reasonable allocation methodology. The estimated time frame for this is nine months, and therefore the information will not be available for the current proposed contract, or for the 2012/13 contract.

At its meeting of November 30, 2011, the Albany Library Board voted unanimously to request that the contract be brought forward for City Council consideration without a recommendation. At this time the contract is six months overdue, and the County has stated that without a 2011/2012 contract in the final stages of completion this month, they will have to start the process to cut service at the Albany Library. In addition, Supervisor Carson's office has stated their inability to move the process any further without a library contract in place. This is the basis for the staff recommendation to move forward to approve the contract.

The contract which is attached to the staff report as Attachment#2 is acceptable to the County, and includes language suggested by the City in Item 9(a),(b) and (c). The County added Item (d). However, at the November Board meeting, the County noted that regardless of their presence in the contract, it is unlikely that items (b) or (c) would be implemented. Council may or may not wish to adjust the language of the contract in this regard.

Based on the overall concerns and on the statements from the library that fiscal conditions for the Albany branch as well as for other branches will continue to deteriorate in the near future, the Board will be discussing the 2010 Alternative Library Services Report at its January meeting in terms of possible alternative library service options for the future.

FINANCIAL IMPACT

The contract payment by the City to the County will be fully covered by the special library taxes collected in fiscal year 2011/2012, and will not impact the City's general fund.

Attachment:

- A. Cover letter from Jean Hofacket, County Librarian, 9/29/2011
- B. Agreement Between the City of Albany and County of Alameda for Additional Library Services Fiscal Year 2012
- C. Project Costs and Revenues (Option 4) for FY2011/12.