

**CITY OF ALBANY
LIBRARY BOARD
STAFF REPORT**

Agenda Date: May 21, 2019

SUBJECT: Fiscal Year 2019/2020 Draft Agreement between the City of Albany and the County of Alameda for Additional Library Services.

REPORT BY: Isabelle Leduc, Assistant City Manager

STAFF RECOMMENDATION

That the Library Board receive and review the information to provide a recommendation to the City Council regarding the approval of the Fiscal Year 2019/2020 draft agreement between the City of Albany and the County of Alameda for Additional Library Services.

DISCUSSION

The charge of the Library Board is to advise the City Council on matters relating to the Albany branch of the Alameda County Library system with a specific focus on the review of the annual proposed agreement between the City and Alameda County for additional library services.

The Albany Library is a branch of the Alameda County Library and is open to the public a total of 41 hours. Of the 41 hours, 25.5 hours are contracted with the Albany County Library. The remaining 15.5 hours (or “base hours”) are part of the overall Alameda County Library budget paid partially through the assessment of the County Library’s share of property taxes. The FY 2019/2020 draft agreement between the City of Albany and the County of Alameda for additional services (Attachment 1) is included for the Board to review.

The City of Albany levies two special taxes approved by voters to pay for the additional 25.5 hours. In June 1994, Albany voters approved the Library Services Act of 1994, which currently assesses a \$69.22 per year tax on single-family residential parcels. In June 2006, Albany voters approved a supplemental parcel tax which is currently established at \$28.36 per single family unit. Both measures contain no sunset clauses and provisions for annual adjustments based on changes in the Consumer Price Index. The City has the option of adjusting these rates annually according to the CPI index. There is no adjustment proposed over the next two-year budget cycle. A memo from the City’s Finance Director (Attachment 2) is included for the Board to review.

The FY2019/2020 draft agreement with the Alameda County Library is in the amount of \$725,440, the same amount requested for the previous three years.

Attachments:

1. FY2019/2020 Draft Agreement for Additional Library Services
2. Memo – Projection of Library Tax Funds for Fiscal Year 2019/2020 from Heather Rowden, City of Albany Finance Director

**AGREEMENT BETWEEN THE CITY OF ALBANY
AND THE
COUNTY OF ALAMEDA
FOR
ADDITIONAL LIBRARY SERVICES
FISCAL YEAR 2019-20**

The County of Alameda and the City of Albany enter into this Agreement as follows:

WHEREAS, current funding levels for County Library services limit the number of open hours per week at the Albany Branch of the Alameda County Library system; and

WHEREAS, the citizens of Albany wish to have the Albany Branch Library open more than the County funded hours per week, and wish to have additional services; and

WHEREAS, the electors of Albany have authorized a special tax for library services at the Albany Branch Library which will provide funding for this purpose to the City; therefore,

The City of Albany and the County of Alameda agree to provide additional hours per week of library services at the Albany Branch of the Alameda County Library system subject to the following terms and conditions.

TERMS AND CONDITIONS

- 1) **Time Period**: This Agreement will be in effect from July 1, 2019 to June 30, 2020.
- 2) **Services Described**: During the time period specified above, the County agrees to provide 25.5 additional open hours per week of library service at the Albany Branch Library, excluding County-observed holidays, in order to maintain a total weekly schedule of open hours at the Albany Branch Library at 41 hours per week.
- 3) **Payments**: The City agrees to pay the County \$725,440 in four (4) quarterly installments as follows:

September 30, 2019	\$181,360
December 31, 2019	\$181,360
March 31, 2020	\$181,360
June 30, 2020	\$181,360

Payments shall be due and payable on the dates stated above. In addition to the amounts stated above interest of 5 percent / month shall be

payable for any payment which is more than 30 days overdue.

- 4) Extension: All terms and conditions of this Agreement may be extended, by mutual written agreement on a year-to-year basis or as otherwise agreed to by the parties, provided the amount paid by the City of Albany to the County of Alameda is adjusted annually to reflect increases/decreases to the costs connected with providing the services.
- 5) Augmentation: The services provided through this Agreement and the amount to be paid by the City of Albany to the County of Alameda may be augmented during the year, by mutual agreement, to reflect additional City of Albany funds and monies donated to the City of Albany by groups, other public agencies, and individuals for this purpose.
- 6) Periodic Activity Reports: Activity Reports will be provided by the County Librarian to the Albany City Council. Albany City Council may request such reports at any time.
- 7) Option to Terminate or Renegotiate Agreement: In the event that either party determines that it no longer has sufficient funding or staffing to meet the obligations of this agreement, that party may terminate or renegotiate this Agreement by giving at least thirty (30) days written notice.
- 8) Liability:
 - a) No persons engaged in the performance of library services and functions under this Agreement shall be considered City employees or gain rights to City pension, Civil Service, or other City employment status or right by way of this Agreement.
 - b) The City shall not be called upon to assume any liability for the direct payment of any salary, wages, or other compensation to any County personnel performing services hereunder for the City, or any liability other than that provided for in this Agreement.

Except as herein otherwise specified, the City shall not be liable for compensation or indemnity to any County employee for injury or sickness arising out of his/her employment.
 - c) The County will assume liability and pay cost of defense and hold the City harmless from loss, costs or expenses caused by the negligent or wrongful act or omission of County officers, agents and employees occurring in the performance of agreements between the parties hereto to the extent that such liability is imposed on the City by the provisions of

Section 895.2 of the Government Code of the State of California.

- d) The City will assume liability and pay cost of defense and hold the County harmless from loss, costs or expenses caused by the negligent or wrongful act or omission of City officers, agents and employees occurring in the performance of agreements between the parties hereto to the extent that such liability is imposed on the County by the provisions of Section 895.2 of the Government Code of the State of California.

- 9) Notices: Notices pertaining to this agreement shall be sent to the following:

CITY:
City Manager
CITY OF ALBANY
1000 San Pablo Ave.
Albany, CA 94706

COUNTY:
President, Board of Supervisors
COUNTY OF ALAMEDA
Administration Building
1221 Oak Street
Oakland, CA 94612

County Librarian
ALAMEDA COUNTY LIBRARY
2450 Stevenson Blvd.
Fremont, CA 94538-2326

IN WITNESS WHEREOF:

The parties hereto have executed this Agreement the day and year first above written, and the County has hereunto caused its corporate name to be signed by its President of the Board of Supervisors, who is hereunto duly authorized the day and year first above written.

CITY OF ALBANY

COUNTY OF ALAMEDA

By: _____
City Manager
City of Albany, County of Alameda
State of California

By: _____
President
Board of Supervisors
State of California

Date: _____

Date: _____

ATTEST:

By: _____
City Clerk

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM

By: _____
Deputy County Counsel

**ALBANY LIBRARY
FY 2019-20 Projected Budget**

EXPENSES:

Branch Personnel (13.95 FTE)	\$1,218,707
Services &Supplies	\$110,000
*All other Direct Cost	\$555,108
Total Direct Costs	\$1,883,815
**Admin. Cost	\$309,225
GRAND TOTAL	\$2,193,040

*Direct Cost include share of Material costs, ITD cost and cost of Learning Group Services (Bookmobile: Literacy: Senior Services and Services to those with Disability)

**Admin. Cost includes the shared cost of Administration.

REVENUE:

County Library Property Tax (Collection in Albany)	\$607,702	(15.5 Base Hours)
City Contract	\$725,440	(25.5 Add. Hours)
Other County Library Funds	\$859,898	
GRAND TOTAL	\$2,193,040	



CITY OF ALBANY, CALIFORNIA
FINANCE DEPARTMENT MEMORANDUM

1000 San Pablo Avenue Albany California 94706
Telephone: (510) 528-5730 Fax: (510) 528-5743

TO: Albany Library Board
FROM: Heather Rowden, Finance Director
CC: Nicole Almaguer, City Manager
Isabelle Leduc, Assistant City Manager
RE: Projection of Library Tax Funds for Fiscal Year 2019/2020
DATE: May 21, 2019

The purpose of this memorandum is to provide background information to assist with the review of the proposed services from Alameda County Library System for the upcoming Fiscal Year, July 2019 through June 2020. This is the first year of the two-year budget cycle for the City.

The City of Albany levies two voter approved special taxes which support additional library services for Albany residents. The taxes are outlined in the Albany Municipal Code: Chapter 5-22 (Library Services Act of 1994) and Chapter 5-23 (Supplemental Library Services Act 2006).

Although the County Library Contract is the most substantial expenditure for these funds, there are also other related expenses and revenues in this fund. Therefore, before finalizing the costs to be funded by the special taxes, we must evaluate expected net revenue (Net Revenue = "Taxes and other Sources" minus City Library Related Expenses). The attached summary provides FY 2017-18 revenue and expenses, an estimate for the current fiscal year (2018-19) as well as proposed budgets for FY 2019-20 and FY 2020-21.

The summary identifies the funds available, or estimated to be available, as of July 1st for each fiscal year. For expenses, staff recommend slight increases to building maintenance expenses due to the increasing cost of the janitorial contract. The contract with Alameda County is expected to remain the same for both fiscal years. In addition to these changes, Staff are removing the part time salary and benefit cost previously associated with the Library Staff Liaison and incorporating an administrative charge for staff time and resources as an increase to Tax Roll Administration. This charge is intended to fund the time of City Administration and Finance staff. Staff recommend maintaining the tax rate as there is sufficient fund balance to cover the increased expenses while still maintaining a healthy balance.

The Special Library Tax Fund had a beginning balance of \$258,387 on July 1, 2018. As shown on the attached schedule, estimated expenditures slightly exceed revenues in FY 2019-20 and FY 2020-21, however the fund balance remains sufficient for future unexpected expenses over the next two years. The tax rate may need to be adjusted in the future to cover increasing administrative costs.

Although the provisions for the taxes allow an annual adjustment in the tax rate collected, it is imposed upon action by the City Council making the appropriate finding. The basis for the adjustment is the change in the Consumer Price Index (CPI). Ultimately this decision takes into consideration fund balance remaining from prior year collections, as well as the proposed expenditures. The bottom section of the schedule contains information on the July 1, 2019, estimated maximum rate based on annual Consumer Price Index adjustments. In June 2018 the City Council approved an updated maximum rate, while making no change to the rate levied. The analysis shows that, at this time, no adjustment is projected to be needed in the next two-year budget cycle.

In the event that there are any questions please feel free to contact me.

CITY OF ALBANY - LIBRARY OPERATIONS FUND
Prepared By Finance Department May 21, 2019

	Actual 2017-18	Budget 2018-2019	Estimated 2018-2019	First Year Budget 2019-2020	Second Year Budget 2020-2021
		*	**	***	***
Beginning Balance July 1	\$250,125	258,387	258,387	268,928	234,757
REVENUE					
<u>Revenue from taxes</u>					
Current Taxes Library Services	\$ 538,830	\$ 527,000	\$ 540,000	\$ 530,000	\$ 530,000
Current Taxes - Library Supplement	220,776	217,000	218,263	218,263	218,263
Prior Year Taxes / Penalties / Interest	1,675	6,500	6,436	6,500	6,500
Reimb. County Share Janitorial	30,790	30,500	30,790	40,000	40,000
Total revenue	792,072	781,000	795,489	794,763	794,763
Estimated Funds Available	\$1,042,197	\$1,039,387	\$1,053,876	\$1,063,691	\$1,029,520
EXPENDITURES					
Part-time salary & benefits	2,425	2,700	1,810	-	-
Tax Roll Administration	6,647		6,865	51,162	51,162
Tax Roll Collection 1.7% Levy	12,589	12,442	12,332	12,332	12,332
Building Maintenance	33,000	33,000	38,500	40,000	40,000
Other	3,709				
Alameda County Contract Cost	725,440	731,860	725,440	725,440	725,440
Total expenditures	783,810	780,002	784,947	828,934	828,934
Excess of Revenue over (under) expenditures	8,261	998	10,542	(34,171)	(34,171)
Projected Ending Balance	258,387	259,385	268,928	234,757	200,585

NOTES:

- * This appropriation is as presented in the Budget for 2018/19, as adopted by the City Council.
- ** This column displays the estimated activity for FY 2018-19, including projected fund balance.
- *** These columns include the preliminary budget to be presented to the City Council in May 2019.

REVENUE ASSUMPTIONS FOR FISCAL YEAR 2020 and FISCAL YEAR 2021:

The Library Tax and Supplemental Library Tax provide for an annual Cost of Living Adjustment. For Fiscal Year 2018/2019 the City Council did not apply an adjustment as the current rate covered expenses and there still remains a reserve.

The revenue for the preliminary proposed two year budget (Fiscal Year 2019/2020 and Fiscal Year 2020/2021) assumes no adjustment to the rate charged per parcel for the first year. The current budget estimates that a balance will still remain mitigating the need to increase rates. As shown below the City continues to track the maximum allowed rate which can be applied.

7/1/2018 CPI Adjustment Factor is: 3.87%

Current Rate Levied Since 7/1/2013	Max Rate Allowed 7/1/2018	Preliminary Est Max Rate 7/1/2019	Assumed Rate FY 2019/20	Suggested Rate FY 2020/21
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Single Family Unit Benefit Rates

Library Services Act 1994	\$69.22	\$78.64	\$81.68	\$69.22	\$69.22
Supplemental Library Services Act 2006	\$28.36	\$32.55	\$33.81	\$28.36	\$28.36
Annual Total	\$97.58	\$111.19	\$115.49	\$97.58	\$97.58