



TO: North County Library Authority (NCLA) Commission

FROM: Marcie Scott, Liaison

DATE: May 11, 2020

SUBJECT: Consideration and Adoption of FY 2020-2021 NCLA Operating Budget
Consideration and Adoption of Resolution 2020-02 Setting a Special Tax
Levy Rate
Consideration and Adoption of Resolution 2020-03 Setting the FY 20/21 Gann
Spending Limit Calculation

SUMMARY

Each year in the Regular May meeting, the NCLA Board considers the annual operating budget for the coming fiscal year. One component of the NCLA budget adoption process each year includes adopting resolutions to affirm the Special Tax Rate of \$76 per parcel for Library Services and setting the GANN spending limit.

There are no new financial updates at this time. A copy of the third letter from NCLA to City of Los Altos management on March 12th is included as Attachment A.

NCLA Budget FY 20/21

Expenditures – The primary expenditure is the NCLA’s funding paid to the Santa Clara County Library District for 17 additional operational hours per week at the Los Altos Library and 25 additional operational hours per week at the Woodland Branch Library. [Attachment B] While the libraries are currently closed to the public due to the COVID-19 Pandemic, library staff continues to work, and County staff anticipate proceeding with service delivery in FY 20-21 as budgeted prior to the Pandemic. The line amount includes the regular 5.6% annual cost escalator.

Administrative costs are expected to continue next fiscal year at a similar level, with a cost of living increase factored into the NBS parcel audit contract costs. The proposed budget this year does not include funding for legal costs, consistent with language in the JPA Agreement Section 12, and based on the agreement with management of the two Member Cities in September 2019. At this time, no actual expenditure amounts have been provided for this Fiscal Year 2019-20 from City staff.

Revenues – The parcel tax continues to be the primary source of revenue for NCLA. Based on the audit report from NBS last Fall, parcel tax collections will be slightly higher compared to the previous year. NCLA will receive one more deposit from the County’s parcel tax collection before the end of this fiscal year. A credit of \$634,665 was deposited through fund transfer as reported in the Full Accrual report [Attachment 4C]. For the second consecutive year, the Board will see temporary additional funding from the County of Santa Clara, as a part of the effort to reach a benchmark service level in all libraries across the County. Additional County funding of \$448,689 is available to pay for the extra hours currently funded by NCLA. This is referred to as the “ERAF credit” in the proposed budget. This is the final year of temporary funding.

The proposed budget does not include any revenues from interest earned. NCLA moved investment funds to Santa Clara County Investment pool in October 2019. Given the uncertainty around the economy at this time, it does not seem prudent to budget investment earnings for the near term, and even greater uncertainty about the longer term economic outlook. The LAIF funds remain in the NCLA LAIF account, managed by the City of Los Altos at this time, and are traditionally not expected to produce significant interest income.

Support of the NCLA Redevelopment Task Force – At the September 16, 2019 NCLA meeting, the Commission approved allocating Not-to-Exceed funding of \$250,000 to support continued efforts for proposed redevelopment of the Los Altos Library. Of those funds, \$100,000 was earmarked for election filing fees. Since that time, Consultant TBWB has been retained, a copy of the contract and first amendment to the contract are attached. NCLA funds spent to date on TBWB invoices is not available from City staff during remote work, so it is unclear exactly how much has been spent of the \$150,000 contract. Once that data is received it will be sent to the Commission members.

Resolution 2020-02 Setting a Special Tax Levy Rate

As a special tax district, the NCLA is funded by a parcel tax approved by the voters in June 2010. As such, the Authority is authorized to levy a qualified special tax of \$76 per parcel per year. This special tax will be levied for 20 consecutive fiscal years, beginning July 1, 2010 and ending June 30, 2030. The attached Resolution 2020-02 affirms the action by the NCLA governing body to set the parcel tax rate at its annual amount of \$76 per parcel. This administrative action is taken to accommodate the County filing process and documents this annual act. [Attachment D]

Resolution 2020-03 Setting the FY 20/21 Gann Spending Limit Calculation

Resolution No. 2019-03 is an annually required update of the State appropriation limit to be adopted along with the budget. This year’s calculation continues the use of County-wide population change factors, a technique used in building the historical values and applied for consistency. [Attachment E, F]

Attachments:

- A. Letter to City of Los Altos requesting financial data dated 3/12/20
- B. Proposed Budget FY 2020/21
- C. Full Accrual – Santa Clara County investment fund report dated 5/5/20

- D. Resolution 2020-02 Setting a Special Tax Levy Rate
- E. Resolution 2020-03 Setting the FY 20/21 Gann Spending Limit Calculation
- F. Gann Spending Calculation Table



March 12, 2020

Chris Jordan, City Manager/NCLA Administrative Officer
City of Los Altos

Sharif Etman, Director of Administrative Services/NCLA Treasurer
City of Los Altos

1 N. San Antonio Road
Los Altos, CA 94022

Dear Chris and Sharif,

We are in receipt of your letter dated February 14, 2020.

NCLA understands the City was not able to provide financial data until after the December 2019 holidays, however NCLA sought to have a report for the current fiscal year (FY 19-20) for the mid-March NCLA meeting, hence the request for a February 14, 2020 report.

In your letter of February 14, 2020, you have indicated that information will be provided by the end of March when the FY18-19 CAFR/Audit is complete.

As the completed FY18-19 CAFR/Audit was presented to the Los Altos City Council at their meeting on March 10, we expect to receive the following by March 31:

- FY18-19 NCLA financials, including an official report for the closing financials for NCLA for FY18-19
- 6-month financial update for NCLA for FY19-20
- Current accounting of the monies in the NCLA LAIF fund and cash held by the City of Los Altos
- Written confirmation of the methodology and exact accounting of the PFM-managed investment pool that was transferred to the County. This includes dates and amounts regarding deposits into the investment pool, interest earnings, and the final withdrawal of the NCLA monies

The NCLA Board is exploring other options for Treasurer support to relieve the City of Los Altos from this responsibility. Once the NCLA Board makes a determination on how to proceed with regard to financial support and oversight, NCLA will inform the City. Until that time, we expect

Letter to City of Los Altos regarding NCLA Financials
3/12/20

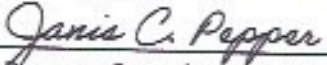
the City to continue performing the Treasurer duties and we understand the City will continue to hold the LAIF and cash funds of NCLA.

In light of the City continuing the NCLA Treasurer responsibilities, we expect quarterly financial updates, including NCLA's investment in the City's investment fund (per the attached email chain dated 1-18-19). We note that data was provided through 4/15/19 but has been largely missing since that date. An unofficial report for FY 18-19 was provided last Fall but that is the only financial information that has been provided to NCLA this fiscal year.

With regard to the NCLA's investment in the City's investment fund, the NCLA Liaison made an initial inquiry via email to City staff on January 18, 2019 (reference attached email chain). A meeting with the Liaison, City Staff and the PFM representative at that time, was held in April 2019. General discussion of the process for removal of NCLA funds from the City's investment fund was discussed. However, any specifics related to timing and amount were clearly stated to be determined by the City and PFM. No detailed information has been given to NCLA by the City or PFM. Further, the Liaison tracked down a receipt of the wire transfer from the County, not the NCLA Treasurer, nearly two months after the wire transfer was executed by the NCLA Treasurer. The NCLA Board finds this lack of responsiveness to be unsatisfactory.

We look forward to receiving the reports at the end of March, with sufficient detail, that will allow the NCLA Board to fulfill their duties on that Board.

Sincerely,



Jan Pepper, President, NCLA



Courtenay Corrigan, Past President, NCLA

NCLA
Operating Budget
Fiscal Year 2020/21

Item 4B
5/11/20

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Unofficial Actl	Budget	Budget
Rate per Parcel	76	76	76	76	76
OPERATING EXPENDITURES					
Service Costs					
County Staffing	600,704	665,653	723,670	738,523	779,880
(minus ERAF credit)				(448,689)	(448,689)
Administrative Costs*	10,779	12,369	29,445	32,450	20,400
Book Costs	0	0	0	0	0
Total Operating Expenditures	611,483	678,022	753,115	322,284	351,591
REVENUES					
Tax Revenue (actual)	1,048,695	1,049,447	1,048,695	1,051,404	1,051,404
Interest Income	9,480	10,461			
Interest Received-LAIF			7,609	6,500	
Total Revenues	1,058,175	1,059,908	1,056,304	1,057,904	1,051,404
OPERATING SURPLUS/(DEFICIT)	446,692	381,886	303,189	735,620	699,813
Debt Payments	0	0	0	0	0
Activity Balance	446,692	381,886	303,189	735,620	699,813
LIBRARY REDEVELOPMENT PRO					
Vendors, Consultants, other costs		17,000	29,750	82,000	150,000
Election Filing Fee				0	100,000
Total Library Project				82,000	250,000
FUND BALANCE as of June 30	\$3,573,826	\$3,938,712	\$4,212,151	\$4,865,771	5,315,583

*Administrative costs include: NBS parcel audit (6,600); BBK legal (12,500); Maze audit (3,000); MRG Liaison (10,800)

Full Accr BY Fd Grp

Item 4C

Report: ZSLP002-Trial Balance-Full Accrual
 Date:05/05/2020 Time:13:22:19 Created by:HARDWICKEM01
 Fund/Fund Group:8210 N Cty Library Author
 Fiscal Year: 2020 Period from: 1 To: 12

001

Account	Beg Balance	Debit	Credit	End Balance	YTD Debit	YTD Credit
1100000 Cash-Clearing		3,801,806.79		3,801,806.79	3,801,806.79	
* Unrestricted		3,801,806.79		3,801,806.79	3,801,806.79	
** Cash & Investments		3,801,806.79		3,801,806.79	3,801,806.79	
*** Current Assets		3,801,806.79		3,801,806.79	3,801,806.79	
**** Total Assets-FULL		3,801,806.79		3,801,806.79	3,801,806.79	
4301100 Interest-Deposits			20,085.12-	20,085.12-		20,085.12-
** Investment Income			20,085.12-	20,085.12-		20,085.12-
*** Revenue From The Use of Money & Pr			20,085.12-	20,085.12-		20,085.12-
4980010 Trust Funds-Receipts			3,147,056.38-	3,147,056.38-		3,147,056.38-
4980350 Trust-Direct Assess			634,665.29-	634,665.29-		634,665.29-
** Non-Budgeted Accounts			3,781,721.67-	3,781,721.67-		3,781,721.67-
*** Other Financing Sources - Full			3,781,721.67-	3,781,721.67-		3,781,721.67-
**** Total Revenues-Full			3,801,806.79-	3,801,806.79-		3,801,806.79-
***** FUND TOTAL		3,801,806.79	3,801,806.79-		3,801,806.79	3,801,806.79-
* Net Revenue & Expens			3,801,806.79-	3,801,806.79-		3,801,806.79-
* Total Assets		3,801,806.79		3,801,806.79	3,801,806.79	



RESOLUTION NO. 2020-02

**A RESOLUTION OF THE NORTH COUNTY LIBRARY AUTHORITY
SETTING A SPECIAL TAX RATE FOR LIBRARY SERVICES**

The Board members of the North County Library Authority hereby ordain as follow:

Section 1: Special Tax Levy

A Special Tax, of exactly \$76 (Seventy Six Dollars) in hereby levied and imposed on each improved parcel situated within the North County Library Authority, for the Fiscal Year 2020/21.

* * * * *

The above and foregoing resolution was duly and regularly introduced and adopted at a meeting of Board of the North County Library Authority held on the 11th day of May 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jan Pepper, PRESIDENT

ATTEST:

Jon Maginot, AUTHORITY CLERK



RESOLUTION NO. 2020-03

**A RESOLUTION OF THE NORTH COUNTY LIBRARY AUTHORITY
SETTING THE FY 2020/21 APPROPRIATIONS LIMIT**

WHEREAS, California Constitutional Article 13B limits the total annual appropriations of cities; and

WHEREAS, it is the desire of the North County Library Authority to establish its appropriations limit pursuant to Article 13B;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of the North County Library Authority that said body hereby determines that said City's appropriations limit (as presented in calculation format in **Exhibit A**), pursuant to Article 13B of the California Constitution using the annual percent change in population for Santa Clara County and the percent change in California for per capita personal income, is as follows:

FY 2020/21 \$3,495,713

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of the North County Library Authority at a meeting of said Body held on the 11th day of May 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jan Pepper, PRESIDENT

Attest:

Jon Maginot, AUTHORITY CLERK

**North County Library Authority
Appropriation Limit Analysis
2020-21**

5/11/20 Item 4F

Fiscal Year	Original Maximum Tax Collection	Proposed Appropriation Limit	Appropriation Limit Growth Factors		Change in Per Capita Income Or CPI
			Annual Combined Escalator	County Change	
2007-08	\$ 642,000	\$ 1,856,179	1.108523	1.0616	1.0442
2008-09	\$ 642,000	\$ 2,057,616	1.060838	1.0172	1.0429
2009-10	\$ 642,000	\$ 2,182,797	1.021897	1.0156	1.0062
2010-11	\$ 1,026,000	\$ 2,230,593	1.034223	1.0251	1.0089
2011-12	\$ 1,026,000	\$ 2,306,932	1.044756	1.0377	1.0068
2012-13	\$ 1,026,000	\$ 2,410,182	1.067704	1.0157	1.0512
2013-14	\$ 1,026,000	\$ 2,587,674	1.007780	1.0150	0.9977
2014-15	\$ 1,026,000	\$ 2,620,448	1.004270	1.0113	1.0382
2015-16	\$ 1,026,000	\$ 2,751,209	1.010670	1.0126	1.0537
2016-17	\$ 1,026,000	\$ 2,935,475	1.045299	1.0081	1.0369
2017-18	\$ 1,026,000	\$ 3,068,449	1.046963	1.0099	1.0367
2018-19	\$ 1,026,000	\$ 3,212,554	1.045146	1.0064	1.0385
2019-20	\$ 1,026,000	\$ 3,357,589	1.041138	1.0037	1.0373
2010-21	\$ 1,026,000	\$ 3,495,713			

	1/1/20	1/1/19		
Los Altos	30,876	30,881	-0.02%	
Los Altos Hills	8,413	8,394	0.23%	
	39,289	39,275	14	0.036%
Population Change both communities				1.04114