



LIBRARY JOINT POWERS AUTHORITY BOARD

Monday February 10, 2014
Downtown Branch Meeting Room
224 Church St, Santa Cruz, CA 95060

6:30 PM PUBLIC MEETING

1. ROLL CALL
2. APPROVE AGENDA OF FEBRUARY 10, 2014
3. ORAL COMMUNICATIONS
4. PRESENTATIONS:
 - A. Volunteer Update - Denise Fritsch
5. STAFF RECOGNITION
6. MEMBER REPORTS
7. CONSENT AGENDA
 - A. Approve Minutes of January 13, 2014 (PG.4-8)
 - B. Motion to open libraries late on April 9, 2014 (Polaris go live date)(PG.9)
 - C. Motion to approve "Food for Fines" May 12-May 25(PG.10-12)
8. FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES REPORT
9. STAFF REPORTS
 - INFORMATION ITEMS*
 - A. Monthly Narrative Report: January 2014 (PG.13-17)
 - B. Statistical Report (PG.18-20)
 - C. Financial Snapshots December (PG.21)

- D. ILS Implementation Update (PG.22)
- E. Mid-year budget review and requests (PG.23-71)
- F. Budget priorities for FY15 (PG.72-79)

10. OTHER BUSINESS

- A. Report out Closed Session January 13, 2014 (oral)
- B. Report from Facilities Master Plan Ad Hoc Steering Committee (PG.80-88)

11. WRITTEN COMMUNICATIONS

- A. Patron Written Comments (PG.89-90)
- B. Security Incidents Log (PG.91-92)
- C. Website Statistics (PG.93)
- D. Articles about Santa Cruz and California Libraries (PG.94-96)
- E. Articles on Libraries Nationwide (PG.97-100)
- F. January Library Financing Authority Projections (PG.101-107)

12. BOARD MEETING CALENDAR

The Board will consider its current meeting schedule and may revise it as necessary.

13. NEXT MEETING

The next regularly scheduled meeting is Monday March 3, 2014 at 6:30 pm at the Aptos Branch Library.

14. ADJOURN

The Library Joint Powers Authority Board will adjourn from the Regular Meeting of February 10, 2014 to the Regular Meeting of March 3, 2014 at 6:30pm at the Aptos Branch Library Meeting Room.

The Santa Cruz City-County Library System does not discriminate against persons with disabilities. Out of consideration for people with chemical sensitivities, we ask that you attend fragrance free. Upon request, the agenda can be provided in a format to accommodate special needs. Additionally, if you wish to attend this public meeting and will require assistance such as an interpreter for American Sign Language, Spanish, or other special equipment, please call the Library Administration Office at 427-7706 at least five days in advance so that we can arrange for such special assistance, or email subfinders@santacruzpl.org.



STAFF REPORT

DATE: January 28, 2014
TO: Library Joint Powers Board
FROM: SCPL Recognition Committee
CC: FSCPL
RE: Staff Recognition Monthly Report

SUMMARY

The Library has instituted a way to recognize staff formally and on an on-going basis. The committee will be recognizing these individuals monthly in a report to the LJPB.

Mission

Staff are our most valuable resource and as such, are deserving of ongoing recognition to feel connected and to keep morale high. The Staff Recognition Committee is charged with developing ways to accomplish this purpose.

NOMINATIONS

Fred Ulrich

Fred went over and above the call of duty in handling a request by a patron to Fedex his wallet with driver's license to San Francisco. The patron has used a reference item the day previous and forgotten to pick up his ID when he returned it. He was flying out of SFO the next morning. Fred made arrangements for the patron to call Fedex with payment and he hand delivered the wallet to Fedex. This compassionate concern for patrons is typical of Fred and should be recognized (Nominated by J. Richardson).

Linda Gault

When doing a program at SV last week, Linda was a great help with her media wall instruction and getting the computers up and running. She also had the meeting room all set up for me when I arrived which was a nice surprise. The program was a great success, and I thank Linda for her assistance (Nominated by P. Turpenen).

SANTA CRUZ PUBLIC LIBRARIES
A CITY-COUNTY SYSTEM

LIBRARY JOINT POWERS BOARD

MINUTES

Downtown Branch Meeting Room
224 Church Street, Santa Cruz, CA 95060

January 13, 2014

6:30 – 6:45 PM CLOSED SESSION

Personnel – Discussion of Evaluation of Library Director, (Government Code §54957) Martin Bernal, City Manager.

6:45 PM PUBLIC MEETING

1. ROLL CALL

Present: Supervisor Zach Friend, Supervisor Bruce McPherson, Councilmember Cynthia Mathews, Councilmember Jim Reed, Councilmember Michael Termini, Councilmember David Terrazas, Citizen Member Dick English, Citizen Member Martha Dexter, Citizen Member Nancy Gerdt,

Staff: Teresa Landers, Library Director; Marcus Pimentel, Finance Director

2. APPROVAL OF MEETING AGENDA OF JANUARY 13, 2014

Councilmember Mathews moved, seconded by Supervisor Friend

That the Board approve the Agenda of January 13, 2014 with the following change: move Agenda item VIII Consent Agenda to Agenda item III.1.

UNAN

3. ORAL COMMUNICATIONS

None

3.1 CONSENT AGENDA

Citizen Member English moved, seconded by Councilmember Reed

That the Board approve the Consent Agenda of January 13, 2014.

UNAN

A. Approve Minutes of December 2, 2013

B. Resolution to accept \$7,500 grant for Community Reads from Cal Humanities

That the Board accept the \$7,500 grant from the California Humanities: California Reads to provide a collaborative effort with Watsonville Public Library to offer a countywide community reflection on the topic: War Comes Home. (Resolution #2014-001)

UNAN

4. ELECTION AND SEATING OF NEW CITIZEN BOARD MEMBER

Supervisor McPherson nominated Jim Mosher as the new Citizen Member.

UNAN

5. PRESENTATIONS

- Pacific Station Project – David Schnee, Group4 Architecture, Research + Planning, Inc.

3. ORAL COMMUNICATIONS

None

3.1 CONSENT AGENDA

Citizen Member English moved, seconded by Councilmember Reed

That the Board approve the Consent Agenda of October 7, 2013.

UNAN

A. Approve Minutes of December 2, 2013

B. Resolution to accept \$7,500 grant for Community Reads from Cal Humanities

That the Board accept the \$7,500 grant from the California Humanities: California Reads to provide a collaborative effort with Watsonville Public Library to offer a countywide community reflection on the topic: War Comes Home. (Resolution #2014-001)

UNAN

4. ELECTION AND SEATING OF NEW CITIZEN BOARD MEMBER

Supervisor McPherson nominated Jim Mosher as the new Citizen Member.

UNAN

5. PRESENTATIONS

- Pacific Station Project – David Schnee, Group4 Architecture, Research + Planning, Inc.

The Santa Cruz METRO and the City of Santa Cruz are partnering to redesign the downtown Pacific Station mixed use transit center. David Schnee's presentation gave an initial look at possible design options and involvement of the Library. The Board members voiced questions and concerns in regards to safety, noise, pollution, parking for public and staff, and financing.

- Makers Space – Dave Britton discussed possible library applications and partnerships.

6. STAFF RECOGNITION

7. MEMBER REPORTS

None

9. FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES REPORT

Cordelia Neff, Office Manager of the FSCPL, reported that

In December 2013, FSCPL...

- Raised nearly \$9000 at our Relax at Home with a Good Book Solstice Gala.
- Hosted a Holiday Book Sale which featured face painting and children's crafts.
- The Friends bookworm marched in the Santa Cruz Christmas Parade right behind the SCPL Book Cart Drill Team

FSCPL plans include...

- **January 27, 2014** FSCPL will be back at Discretion Brewing! Come enjoy a cold brew and Discretion will donate 20% of your beer sale to support the library!
- **Staff Training** Cordelia Neff will be attending a grant writing workshop hosted by the Community Foundation of Santa Cruz.
- **Sorting Room Reorganization** FSCPL is looking into ways to use the space provided by SPCL for sorting donations more efficiently.

10. STAFF REPORTS

- A. Monthly Narrative Report: November and December 2013
- B. Statistical Reports. The Board reviewed the reports and Director Landers responded to a number of questions.
- C. Financial Snapshots November. Finance Director Pimentel responded to a question regarding a line item in the Financial Snapshot.

- D. Facilities Master Plan Update. Director Landers reported that the Steering Committee will be meeting on January 21. A question regarding roofing at the branches was answered in detail by Director Landers. She also gave an overview of the Administrators Group's progress.
- E. ILS Implementation Update. The implementation is still on target for April 9 despite some recent challenges.

11. OTHER BUSINESS

- a. Approve replacement for David Terrazas on Finance Subcommittee.

Supervisor Friend moved, seconded by Councilmember Termini

Supervisor Friend nominated Councilmember Mathews as the new Finance Subcommittee member.

UNAN

12. WRITTEN COMMUNICATIONS

- A. Patron Written Comments
- B. Security Incidents Log
Councilmember Mathews expressed concern about the increasing security incidents at the Downtown Library as well as at the smaller branches. She expressed that the one day bans may not be sufficient in some of the more serious incidents. She also suggested to review the different locations and look into improved security measures.
- C. Website Statistics
- D. Articles about Santa Cruz and California Libraries
- E. Articles on Libraries Nationwide

13. BOARD MEETING CALENDAR

No changes

14. NEXT MEETING

The LJPB will adjourn from the Regular Meeting of Monday, January 13, 2014 to the next regularly scheduled meeting on Monday, February 10, 2014 at 6:30 pm at the Downtown Branch Library Meeting Room.

15. ADJOURN

The regular meeting adjourned at 8:05 p.m.

Respectfully submitted,

Helga Smith, Clerk of the Board

All documents referred to in these minutes are available in the Library Office.

STAFF REPORT

DATE: January 28, 2014
TO: Library Joint Powers Board
FROM: Teresa Landers, Director of Libraries
RE: Late opening on April 9, 2014

RECOMMENDATION: Approve motion to open all facilities at 1 pm on Wednesday April 9, 2014

SUMMARY

Experience with migrating computer systems tells us that staff will need some extra time on the go live date in order to catch up on having been without a computer system for three days. Opening at 1 pm will benefit staffs ability to effectively and efficiently serve the public.

BACKGROUND

The current plan is for all operations on the current Evergreen system to cease at close of business on Thursday April 3 and the data will be frozen. The final extraction of data will occur and the load onto the live Polaris service will take place. It is expected that Polaris will be available as of 8 am on Wednesday April 9.

All library facilities will be open regular hours Friday April 4-Tuesday April 8 and will be handling circulation transactions by hand. There will be no way to check materials in or out on the computer. This means no holds will be trapped and shelved or routed to their pickup location.

All 10 facilities are open on Wednesdays. Felton and La Selva Beach do not open until 1 pm. Downtown opens at 10 and the others at 11.

DISCUSSION

By delaying opening until 1 pm, staff in all the branches will have several hours to check in materials that have been returned while there was no computer system. Done in an orderly fashion, holds will be properly triggered, circulation and patron records will be accurate, and inappropriate fines will not be placed.

It also gives staff time to get used to the new system in a live, rather than training environment and to possibly identify issues that need immediate attention. Polaris will have staff on site to assist.

STAFF REPORT

DATE: January 28, 2014
TO: Library Joint Powers Board
FROM: Teresa Landers, Director of Libraries
RE: Pet Items for Fines

**RECOMMENDATION: Approve motion to approve Pet Items for Fines
May 12-25, 2014**

SUMMARY

In recognition of the theme of this summer's reading program, staff is requesting a variation on the Food for Fines theme this year with a focus on contributions benefitting shelter animals.

BACKGROUND

For each of the past two years the Library has participated in Food for Fines during National Library Week in April. During a designated week, the public was able to bring in food donations to offset fines. Charges for lost and damaged materials were not included.

In 2013, \$624 in fines were waived with an additional \$80 collected online for donation to Second Harvest. We did not receive a total number of pounds collected. In 2012 we waived \$1,000 in fines and collected 1,176 pounds of food.

The theme of the 2014 Summer Reading Program is "Paws to Read" and, as you can guess, the focus is on animals. The attached email describes support from the 'California Library Association for library participation in benefitting an animal organization as part of the Summer Reading Program.

DISCUSSION

A West Virginia library (Raleigh County) sponsored a "pet items for fines" week. It is explained below:

Patrons can donate certain pet supply items for animal shelters and have overdue fines reduced or removed. One bag of dry pet food equals \$7 in waived fines, one can of dog food equals \$2 in waived fines, two cans of cat food equals \$2 in waived fines, and one bag of kitty litter equals \$5 in waived fines.

National Library Week is April 14-20, 2014. This is one week after going live on the new computer system, Polaris. Staff is concerned about implementing a special program as they are getting used to a new computer system. (Dealing with fines is one of the more complicated procedures staff need to conquer in a new computer system.)

The summer reading program begins in early June with a great deal of publicity in the schools in the month prior. The annual Spring Dog Festival is May 17. The Library's Tales to Tails program is a direct beneficiary of the Spring Dog Festival.

To honor this important community partnership and the theme for summer reading, the Library would like to take a different approach to Food for Fines this year and follow the example set by our colleagues in Raleigh County, WV by sponsoring Pet Items for Fines for two weeks- May 12-25. Staff will work out the details as to how the value of items donated translates to a reduction in fines.

The SPCA and County Animal Shelter are excited to partner with us and we will be able to promote food for fines as well as Tales to Tails and the Summer Reading Program at the Spring Dog Festival.



SANTA CRUZ
PUBLIC LIBRARIES

[calix] SRP's Paws to Give Collection Drive to Benefit An Animal Organization In Your Community - Please Join Us

Trish Garone <cla.pgarone@gmail.com>
To: calix@lists.gseis.ucla.edu

Tue, Jan 28, 2014 at 11:46 AM

Paws to Read, Paws to Give: A Statewide Collection Drive to Benefit an Animal Welfare Organization In Your Community

Ordering to California Libraries This Summer

Make community giving a part of your 2014 summer reading program.

Join libraries across the state in partnering with local animal shelters and wildlife organizations to collect much needed items used to care for homeless or rescued animals. CLA has created programming resources to help you design activities that will highlight the great work and constant needs of these animal welfare organizations, and to encourage patrons to participate in a Paws to Give Collection Drive and events to benefit animals.

How it works: Paws to Give in 4 Easy Steps!

1. **Connect with a local animal welfare organization.** Find out what the needs are and how to best work together.
2. **Let us know you are taking part.** We will be posting a list of participating Paws to Give Collection Drive libraries on the CLA website.
3. **Set a goal and track your giving to keep your community motivated.** CLA will track the collection drive progress statewide on the California Library Association website.
4. **Schedule your drive and related animal-themed programming and reading.** Collect what is most needed by the shelter and plan related programming that will involve your community children, teens and adults. You might host a pet adoption day, animal blanket or toy making workshops, or a raffle where a collection drive donation earns a ticket. Whatever form or size your drive takes, we'd love you to take part!

For more information, programming resources, and to sign up:

Please visit [Paws to Give Collection Drive](#) on the California Library Association website.

We will be signing up participating libraries through Friday, April 11th, 2014. Please let us know as soon as you know that your library will take part. You don't have to be using the Paws to Read program to participate. We'd like you to join us whatever your summer reading theme.

Questions?

Contact Trish Garone pgarone@cla-net.org

Join us and Paws to Give!

MONTHLY REPORT FOR JANUARY 2014

1. READING, LISTENING AND VIEWING FOR PLEASURE

- A. **Children in Santa Cruz County will enter school ready to read, write, listen and learn.**
- B. **All ages will have materials, programs and displays that reflect current community interests and provide pleasurable reading, viewing and listening experiences that help them reach their personal literacy goals.**

In an effort to increase participation in the Tales to Tails program at Boulder Creek, the days and times were changed. Now, instead of Saturdays, we will host the program on the 1st and 3rd Fridays and the 2nd and 4th Tuesdays of each month.

Another day for the Legos Simple Machines program was added at Boulder Creek. Sandi Imperio, Programming Librarian, will present the class on the 1st & 3rd Saturdays of each month.

Kari Gunn, Programming Librarian, and volunteer Irene Johnson, hold weekly crafts classes at Boulder Creek. Especially popular in December were creating holiday cards and ornaments.

Boulder Creek Aides created displays for the branch. Boulder Creek's newest Aide, Alex Glass, made one on Outer Space and used both fiction and non-fiction from the children's collection. Chloe Woodmansee also used the children's collection in her display of Bravery in the New Year. Whitney James-Heskett's Winter Holidays display included adult books on gift making, cooking, decorating, and entertaining. She also made a Winter Holidays display of children's picture books.

Lucia Corrales, a Library Aide at La Selva Beach library, put together and beautifully decorated the "Happy Neigh Year" display in the children's area. La Selva Beach library also has a new display "2014 Guide to a Healthy Resolution".

Planning has begun for the 2014 Summer Reading program. The theme is animals and we are looking at a variety of events including marionettes, birdwatching, and local Native American dancing. We'll still have SRP dollars so the basic program won't change. No Battle of the Bands this year but we're going to try some Geo-Caching instead.

- C. **People of all ages will have friendly support and intuitive access to the materials and resources they want.**

2. LIFELONG LEARNING

A. People will have access to a relevant collection of resources in diverse formats for all ages.

Boulder Creek staff has been busy weeding the magazines and children's collection (fiction and non-fiction). We are making room for new things!

Out with the old and in with the new at Garfield Park! Items that have not been circulating in years have been weeded to make room for new items as well as old periodicals getting removed to make room for the newest editions. This has allowed for a fresh browsing collection and newer copies of classics.

B. Library users will have access to innovative and successful programming which reflects the cultural, educational and informational needs of the diverse communities served by SCPL and which will help learners of all ages to achieve their goals.

The first meeting of the La Selva Beach movie club is scheduled for January 30. The movie to discuss will be "Her" which has been nominated for an Oscar for Best Picture.

The La Selva ACE (after-school childhood enrichment) program students participate in the library's Homework Help and Lego Simple Machines programs. Students also spend more time in the library reading and browsing library collections. The La Selva Beach Friends funded the tutors for the Homework Help Program,

C. People will have access to innovative technology and the tools necessary to find, evaluate and use information and resources to meet their learning needs.

This month focused on planning for the final two months as we approach the Go Live date. Progress was made on planning for staff training, public information and infrastructure needs. The software for the new system has been loaded on a training server and the data will have be loaded by the end of January. Various network issues were addressed with solutions starting to be implemented.

3. COMMUNITY CONNECTIONS

A. The library will initiate and nurture partnerships with the public, private and nonprofit sectors in Santa Cruz County for the mutual benefit of the partners, the library and the community.

Leadership Santa Cruz, a county wide program that provides a broad base of community knowledge and experiences to its members visited the Scotts Valley branch in January. While at the branch, the scheduled events included a tour of the branch by Teresa Landers and Linda Gault, a talk by Supervisor Bruce McPherson and a description of the new Scotts Valley Town Center provided by Scotts Valley Community Development Director, Corrie Kates.

B. People will strengthen their ties with each other, the community and the library.

The Best Books I Read in 2013 provided an eclectic list as recorded by patrons at Scotts Valley. The formats included print, audio and e-books for both adults and children.

The LSB chapter also purchased additional Legos for the Lego Simple Machines Program.

We are encouraging community members to sign up for our online every two weeks newsletter. There is a link at the bottom of our homepage

Sunday January 5, the Downtown Library hosted a discussion of California civil liberties history from the days of slavery to the post 9/11 era, highlighting courageous Californians whose battles in courts, classrooms and streets shaped the rights we have today. Elaine Elinson and Stan Yogi, authors of WHEREVER THERE'S A FIGHT (a history of California's civil liberties activities), talked about the era of the mass incarceration of Japanese Americans during World War II, and were joined by poet Brian Komei Dempster who read from first-person stories written by former camp prisoners. Mr. Dempster also read from his collection, TOPAZ, which examines the Japanese American imprisonment experience, its legacy and impact on younger generations, and intersecting issues of race, gender, sexuality, and power. We were honored that Jeanne Houston, prominent Japanese American co-author of FAREWELL TO MANZANAR also joined the panel. A traveling exhibit based on the book by Elinson and Yogi was on view. Close to 40 people attended and several survivors of the Japanese internment camps were in the audience and shared their experiences.

C. The community will recognize the value of SCPL in improving their lives and will recognize SCPL as an asset to their community.

New Year Resolutions were promised by patrons at the Scotts Valley branch when they wrote them down and placed them on the "Tree of Thanks"

Snapshot stories continued in January with a session at Live Oak.

D. Volunteers will be used effectively.

A volunteer was present at the two January early out Wednesdays for the Scotts Valley Middle School. His responsibility was to assist staff in enforcing the code of conduct for the 75+ middle schoolers who use the Scotts Valley Library after school.

4. WELCOMING PLACE

A. Identify the physical changes and funding required to provide 21st-century library facilities.

A PG&E energy audit performed at Boulder Creek has resulted in savings of almost \$4,000 per year!

The Garfield Park branch was closed for a week to have its windows upgraded/replaced yet in full compliance with historical integrity given the building's designation as an historic site. The new windows contain safety glass that filters ultraviolet light that damages the books and is better insulated. The doors have also been refinished and are quite lovely. Patrons have made many positive comments about the improvements, including how nice the touch up on the paint looks as well as the windows themselves, despite there being a lack of access to the collection, and no overnight drop off for over a week.

B. The virtual branch meets the definition of a welcoming place.

Hoopla which can stream digital media, music and audio books launched in January.

C. People receive service at the level they need and want.

The Downtown staff continued its work on how to successfully create a single point of service on the first floor of that branch. Implementation will be delayed until after Polaris so will most likely occur in June.

5. FINANCIAL SUSTAINABILITY

- A. The library system maintains a healthy and stable financial position.**
- B. There is adequate, stable and diverse funding to finance ongoing operations, key strategic initiatives and capital projects.**
- C. Services of a defined level and quality are consistently delivered based on revenue projections and supportive organizational and operating structure.**
- D. The library operates efficiently and focuses on continual improvement.**

6. ORGANIZATIONAL READINESS

A. Staff receives adequate training to do their jobs effectively.

Kyra Rodriguez and Lynne Sansevero attended a course on Cultural Diversity Training during January.

D. SCPL is committed to developing current library staff to become tomorrow's library leaders.

Laura Whaley, Programming Librarian, was accepted into the Eureka! Leadership Institute. From the acceptance letter, “ This year’s application process was especially competitive, so your acceptance into the program in indication of exemplary performance and merit.

The Director and Senior Managers participated in a City of Santa Cruz leadership retreat to focus on organizational health and priorities for the coming year. Teresa led the discussion on priorities.

E. Employees have the skills to execute change and are committed to change and continual improvement.

Various work groups are looking at making the move within the Downtown and Headquarters building with an eye towards better workflow and efficiency as well as the continued implementation of the service model.

D. A customer-driven service philosophy guides staff training and development.

MONTHLY STATISTICAL REPORT
FY13/14

| | Circulation | | | Visitors | | | Circ/Open Hr | | | Visitors/Open Hr | | |
|---|-------------|----------|---------|----------|----------|---------|--------------|----------|---------|------------------|----------|---------|
| | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change |
| November | | | | | | | | | | | | |
| Aptos | 24,324 | 21,609 | -11% | 12,792 | 10,553 | -18% | 145 | 130 | -10% | 76 | 64 | -17% |
| Boulder Creek | 4,654 | 4,632 | 0% | 2,971 | 2,925 | -2% | 35 | 37 | 4% | 23 | 23 | 3% |
| Branciforte | 9,229 | 9,456 | 2% | 7,021 | 6,917 | -1% | 72 | 76 | 6% | 55 | 56 | 2% |
| Capitola | 11,166 | 11,962 | 7% | 5,889 | 5,597 | -5% | 78 | 85 | 9% | 41 | 40 | -3% |
| Downtown | 47,482 | 42,724 | -10% | 31,854 | 26,675 | -16% | 229 | 208 | -9% | 154 | 130 | -15% |
| Felton | 2,475 | 2,747 | 11% | 1,568 | 1,723 | 10% | 23 | 26 | 14% | 15 | 16 | 13% |
| Garfield Park | 3,350 | 3,863 | 15% | 3,578 | 3,327 | -7% | 33 | 40 | 23% | 35 | 35 | -1% |
| La Selva Beach | 1,964 | 1,730 | -12% | 1,532 | 2,548 | 66% | 18 | 16 | -9% | 14 | 24 | 71% |
| Live Oak | 14,294 | 14,894 | 4% | 7,881 | 7,874 | 0% | 105 | 116 | 11% | 58 | 62 | 6% |
| Scotts Valley | 23,972 | 22,988 | -4% | 13,911 | 13,958 | 0% | 143 | 138 | -3% | 83 | 84 | 2% |
| Outreach | 3,247 | 2,810 | -13% | 1,505 | 1,563 | 4% | | | | | | |
| Subtotal | 146,157 | 139,415 | -5% | 90,502 | 83,660 | -8% | 881 | 874 | -1% | 563 | 533 | -5% |
| ebooks | 11,184 | 8,670 | -22% | | | | | | | | | |
| e-audio | 2,103 | 1,850 | -12% | | | | | | | | | |
| TOTAL | 159,444 | 149,935 | -6% | 90,502 | 83,660 | -8% | 881 | 874 | -1% | 563 | 533 | -5% |
| website hits | 355,157 | 441,528 | 24% | 103,504 | 102,259 | -1% | | | | | | |
| Note: The components of these stats are still being verified. They may or may not contain the selfcheck stats, staff renewals, PAC renewals, and other types of transactions. Therefore, they may represent more or less than we think. | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| December | | | | | | | | | | | | |
| Aptos | 23,475 | 21,280 | -9% | 10,239 | 10,630 | 4% | 141 | 122 | -14% | 62 | 61 | -1% |
| Boulder Creek | 4,097 | 4,210 | 3% | 2,900 | 2,598 | -10% | 32 | 35 | 11% | 22 | 22 | -3% |
| Branciforte | 7,674 | 8,275 | 8% | 7,021 | 6,283 | -11% | 62 | 69 | 11% | 57 | 52 | -8% |
| Capitola | 10,301 | 11,334 | 10% | 5,884 | 5,156 | -12% | 73 | 89 | 21% | 42 | 40 | -3% |
| Downtown | 46,431 | 43,328 | -7% | 31,511 | 28,333 | -10% | 222 | 198 | -11% | 151 | 129 | -14% |
| Felton | 1,921 | 2,614 | 36% | 2,463 | 1,327 | -46% | 18 | 27 | 49% | 23 | 14 | -41% |
| Garfield Park | 2,909 | 3,884 | 34% | 3,343 | 3,277 | -2% | 30 | 38 | 27% | 34 | 32 | -7% |
| La Selva Beach | 1,655 | 1,612 | -3% | 1,166 | 2,225 | 91% | 16 | 16 | -2% | 11 | 21 | 93% |
| Live Oak | 14,053 | 15,084 | 7% | 8,623 | 8,810 | 2% | 106 | 103 | -3% | 65 | 60 | -8% |
| Scotts Valley | 21,232 | 22,395 | 5% | 13,004 | 12,580 | -3% | 128 | 129 | 1% | 78 | 72 | -8% |
| Outreach | 2,377 | 2,638 | 11% | 1,181 | 1,258 | 7% | | | | | | |
| Subtotal | 136,125 | 136,694 | 0% | 87,335 | 82,477 | -6% | 828 | 825 | 0% | 545 | 504 | -7% |
| ebooks | 10,168 | 9,023 | -11% | | | | | | | | | |
| e-audio | 1,349 | 2,042 | 51% | | | | | | | | | |
| TOTAL | 147,842 | 147,719 | 0% | 87,335 | 82,477 | -6% | 828 | 825 | 0% | 545 | 504 | -7% |
| website hits | 461,921 | 429,827 | -7% | 111,531 | 99,951 | -10% | | | | | | |
| Note: The components of these stats are still being verified. They may or may not contain the selfcheck stats, staff renewals, PAC renewals, and other types of transactions. Therefore, they may represent more or less than we think. | | | | | | | | | | | | |

MONTHLY STATISTICAL REPORT
FY13/14

| | Circulation | | | Visitors | | | Circ/Vis | | | Circ/Vis | | |
|--|----------------|----------------|------------|---------------|---------------|------------|------------|------------|------------|------------|------------|------------|
| | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change |
| September | | | | | | | | | | | | |
| Aptos | 23,703 | 22,189 | -6% | 12,030 | 11,246 | -7% | 136 | 126 | -7% | 69 | 64 | -8% |
| Boulder Creek | 3,943 | 4,315 | 9% | 2,676 | 2,724 | 2% | 30 | 34 | 13% | 20 | 21 | 5% |
| Branciforte | 8,700 | 8,681 | 0% | 6,573 | 7,111 | 8% | 68 | 68 | 0% | 51 | 56 | 8% |
| Capitola | 10,872 | 11,234 | 3% | 4,776 | 4,739 | -1% | 74 | 79 | 6% | 32 | 33 | 2% |
| Downtown | 46,868 | 42,989 | -8% | 35,410 | 31,020 | -12% | 215 | 195 | -9% | 162 | 141 | -13% |
| Felton | 2,174 | 3,063 | 41% | 1,532 | 1,590 | 4% | 21 | 28 | 37% | 15 | 15 | 1% |
| Garfield Park | 2,986 | 3,884 | 30% | 3,022 | 3,365 | 11% | 31 | 36 | 18% | 31 | 31 | 1% |
| La Selva Beach | 1,675 | 2,088 | 25% | 1,372 | 2,197 | 60% | 16 | 19 | 21% | 13 | 20 | 56% |
| Live Oak | 14,612 | 15,515 | 6% | 8,281 | 8,947 | 8% | 109 | 105 | -4% | 62 | 60 | -2% |
| Scotts Valley | 24,161 | 23,813 | -1% | 13,970 | 14,986 | 7% | 139 | 135 | -3% | 80 | 85 | 6% |
| Outreach | 3,047 | 2,935 | -4% | 1,408 | 1,414 | 0% | | | | | | |
| Subtotal | 142,741 | 140,705 | -1% | 91,050 | 89,339 | -2% | 838 | 826 | -2% | 537 | 527 | -2% |
| ebooks | 6,868 | 9,424 | 37% | | | | | | | | | |
| e-audio | 2,373 | 1,961 | -17% | | | | | | | | | |
| TOTAL | 151,982 | 152,091 | 0% | 91,050 | 89,339 | -2% | 838 | 826 | -2% | 537 | 527 | -2% |
| website hits | 421,268 | 486,170 | 15% | 118,499 | 118,359 | 0% | | | | | | |
| <i>Note: The components of these stats are still being verified. They may or may not contain the selfcheck stats, staff renewals, PAC renewals, and other types of transactions. Therefore, they may represent more or less than we think.</i> | | | | | | | | | | | | |
| October | | | | | | | | | | | | |
| Aptos | 24,345 | 22,721 | -7% | 12,030 | 10,684 | -11% | 122 | 114 | -7% | 60 | 53 | -11% |
| Boulder Creek | 4,523 | 5,002 | 11% | 3,235 | 3,277 | 1% | 31 | 34 | 8% | 22 | 22 | 0% |
| Branciforte | 9,296 | 9,821 | 6% | 7,345 | 8,183 | 11% | 65 | 65 | 0% | 51 | 54 | 6% |
| Capitola | 11,801 | 12,948 | 10% | 5,297 | 5,835 | 10% | 74 | 78 | 5% | 33 | 35 | 6% |
| Downtown | 48,084 | 44,527 | -7% | 35,642 | 31,659 | -11% | 198 | 183 | -7% | 147 | 130 | -11% |
| Felton | 2,726 | 3,136 | 15% | 1,663 | 2,241 | 35% | 23 | 25 | 9% | 14 | 18 | 27% |
| Garfield Park | 3,409 | 4,025 | 18% | 3,368 | 4,048 | 20% | 27 | 33 | 20% | 27 | 33 | 22% |
| La Selva Beach | 1,973 | 1,920 | -3% | 2,162 | 2,939 | 36% | 16 | 15 | -8% | 18 | 23 | 28% |
| Live Oak | 15,929 | 15,959 | 0% | 9,022 | 9,972 | 11% | 95 | 95 | 0% | 54 | 59 | 11% |
| Scotts Valley | 24,988 | 24,076 | -4% | 14,442 | 15,154 | 5% | 125 | 120 | -4% | 72 | 76 | 5% |
| Outreach | 3,912 | 3,362 | -14% | 1,615 | 1,502 | -7% | | | | | | |
| Subtotal | 150,985 | 147,497 | -2% | 95,921 | 95,494 | 0% | 776 | 761 | -2% | 498 | 504 | 1% |
| ebooks | 9,308 | 8,893 | -4% | | | | | | | | | |
| e-audio | 2,593 | 1,788 | -31% | | | | | | | | | |
| TOTAL | 162,887 | 158,178 | -3% | 95,921 | 95,494 | 0% | 776 | 761 | -2% | 498 | 504 | 1% |
| website hits | 450,622 | 490,846 | 9% | 127,971 | 117,918 | -8% | | | | | | |
| <i>Note: The components of these stats are still being verified. They may or may not contain the selfcheck stats, staff renewals, PAC renewals, and other types of transactions. Therefore, they may represent more or less than we think.</i> | | | | | | | | | | | | |

MONTHLY STATISTICAL REPORT
FY13/14

| July | Circulation | | | Visitors | | | Circ/Open Hr | | | Visitors/Open Hr | | |
|--|----------------|----------------|-----------|---------------|---------------|-----------|--------------|------------|------------|------------------|------------|------------|
| | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change |
| Aptos | 24,930 | 25,690 | 3% | 11,500 | 11,307 | -2% | 135 | 134 | -1% | 63 | 59 | -6% |
| Boulder Creek | 4,017 | 4,776 | 19% | 2,601 | 2,591 | 0% | 36 | 35 | -1% | 23 | 19 | -17% |
| Branciforte | 8,013 | 9,171 | 14% | 6,666 | 7,414 | 11% | 70 | 67 | -4% | 58 | 55 | -7% |
| Capitola | 10,919 | 13,305 | 22% | 5,023 | 5,871 | 17% | 85 | 88 | 4% | 39 | 39 | 0% |
| Downtown | 50,400 | 49,579 | -2% | 36,090 | 32,443 | -10% | 220 | 212 | -4% | 158 | 139 | -12% |
| Felton | 2,224 | 2,827 | 27% | 1,445 | 2,233 | 55% | 28 | 25 | -8% | 18 | 20 | 11% |
| Garfield Park | 3,531 | 4,715 | 34% | 3,143 | 3,845 | 22% | 42 | 39 | -7% | 37 | 32 | -14% |
| La Selva Beach | 1,692 | 2,290 | 35% | 1,760 | 3,086 | 75% | 21 | 20 | -4% | 22 | 27 | 24% |
| Live Oak | 16,594 | 17,515 | 6% | 9,374 | 9,980 | 6% | 129 | 109 | -15% | 73 | 62 | -14% |
| Scotts Valley | 27,040 | 27,167 | 0% | 13,794 | 14,055 | 2% | 147 | 141 | -4% | 75 | 73 | -2% |
| Outreach | 3,018 | 3,208 | 6% | 1,378 | 1,583 | 15% | | | | | | |
| Subtotal | 152,376 | 160,243 | 5% | 92,774 | 94,408 | 2% | 913 | 873 | -4% | 566 | 525 | -7% |
| ebooks | 4,533 | 6,033 | 33% | | | | | | | | | |
| e-audio | 1,204 | 1,923 | 60% | | | | | | | | | |
| TOTAL | 158,115 | 168,199 | 6% | 92,774 | 94,408 | 2% | 913 | 873 | -4% | 566 | 525 | -7% |
| website hits | 518,988 | 504,441 | -3% | 128,789 | 118,665 | -8% | | | | | | |
| <i>Note: The components of these stats are still being verified. They may or may not contain the selfcheck stats, staff renewals, PAC renewals, and other types of transactions. Therefore, they may represent more or less than we think.</i> | | | | | | | | | | | | |
| August | Circulation | | | Visitors | | | Circ/Open Hr | | | Visitors/Open Hr | | |
| | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change | FY 12/13 | FY 13/14 | %change |
| Aptos | 25,067 | 24,212 | -3% | 11,719 | 11,312 | -3% | 127 | 124 | -2% | 59 | 58 | -2% |
| Boulder Creek | 4,285 | 4,608 | 8% | 2,661 | 2,969 | 12% | 33 | 32 | -5% | 21 | 20 | -1% |
| Branciforte | 8,256 | 9,483 | 15% | 6,692 | 7,342 | 10% | 65 | 66 | 2% | 52 | 51 | -2% |
| Capitola | 11,449 | 12,968 | 13% | 4,935 | 5,557 | 13% | 75 | 79 | 6% | 32 | 34 | 5% |
| Downtown | 48,852 | 46,608 | -5% | 35,379 | 32,768 | -7% | 203 | 195 | -4% | 147 | 137 | -7% |
| Felton | 2,263 | 2,674 | 18% | 1,349 | 1,920 | 42% | 25 | 21 | -13% | 15 | 15 | 5% |
| Garfield Park | 3,223 | 4,235 | 31% | 2,748 | 3,768 | 37% | 35 | 36 | 3% | 30 | 32 | 8% |
| La Selva Beach | 1,673 | 2,015 | 20% | 1,120 | 2,417 | 116% | 18 | 16 | -10% | 12 | 20 | 61% |
| Live Oak | 15,138 | 15,348 | 1% | 8,574 | 9,224 | 8% | 114 | 101 | -11% | 64 | 61 | -6% |
| Scotts Valley | 24,915 | 26,180 | 5% | 12,404 | 14,840 | 20% | 126 | 134 | 6% | 63 | 76 | 21% |
| Outreach | 2,985 | 2,919 | -2% | 1,454 | 1,476 | 2% | | | | | | |
| Subtotal | 148,106 | 151,250 | 2% | 89,035 | 93,593 | 5% | 819 | 804 | -2% | 495 | 504 | 2% |
| ebooks | 2,697 | 6,231 | 131% | | | | | | | | | |
| e-audio | 2,110 | 1,998 | -5% | | | | | | | | | |
| TOTAL | 152,913 | 159,479 | 4% | 89,035 | 93,593 | 5% | 819 | 804 | -2% | 495 | 504 | 2% |
| website hits | 512,829 | 490,310 | -4% | 126,192 | 117,722 | -7% | | | | | | |
| <i>Note: The components of these stats are still being verified. They may or may not contain the selfcheck stats, staff renewals, PAC renewals, and other types of transactions. Therefore, they may represent more or less than we think.</i> | | | | | | | | | | | | |

TO: Finance Committee- Library Joint Powers Authority Board
FROM: Marcus Pimentel, City of Santa Cruz Finance Director (02/05/14)
RE: Monthly Dashboard Report: Library's December 2013 financials

Contained herein is the preliminary, UNAUDITED December 2013 Dashboard summary report. In general, revenues remain ahead of our target by 2.0% and expenditures are slightly over-budget by -0.7% due to one-time payments. This has resulted in a year-to-date net operating gain of \$104,830. This gain was reduced by those one time payments like the retirement of long term debt and services and supplies that were carried over from the prior year.

| Net operations (Major accounts) | Last 3-months Actual Results | | | | Fiscal Year to Date | Percent of Budget Comparison | | | |
|------------------------------------|------------------------------|---------------------|---------------------|---------------------|----------------------|------------------------------|----------------|---------------------|--------------------------|
| | October | November | December | December | | Annual Budget FY 2013/14 | YTD Actuals | Months completed | Positive / (negative) |
| | | | | | | | | | |
| Revenue: | | | | | | | | | |
| (2) Sales Tax | \$ 502,265 | \$ 669,686 | \$ 588,855 | \$ 3,550,100 | \$ 6,617,000 | 53.7% | 50.0% | 3.7% | |
| MOE- Member Contributions | 426,225 | 426,225 | 424,869 | 2,555,458 | 5,135,000 | 49.8% | 50.0% | (0.2%) | |
| Library Fines | 17,158 | 15,622 | 13,274 | 91,699 | 200,000 | 45.8% | 50.0% | (4.2%) | |
| Other Revenue | 51,375 | 6,169 | 7,772 | 110,066 | 174,690 | 63.0% | 50.0% | 13.0% | |
| Subtotal Operating Revenue | 997,024 | 1,117,703 | 1,034,770 | 6,307,322 | 12,126,690 | 52.0% | 50.0% | 2.0% | |
| (3) Budgetary Financing Sources | - | - | - | - | 455,497 | | | | |
| TOTAL REVENUE | \$ 997,024 | \$ 1,117,703 | \$ 1,034,770 | \$ 6,307,322 | \$ 12,582,187 | | | | |
| Expenditures: | | | | | | | | | |
| (4) Payroll | \$ 568,274 | \$ 620,369 | \$ 637,390 | \$ 3,785,591 | 7,703,251 | 49.1% | 50.0% | 0.9% | |
| (3) Books (w/Grants) | 98,282 | 143,057 | 57,113 | 761,323 | 1,213,804 | 62.7% | 50.0% | (12.7%) | |
| Janitorial Services | 8,339 | 10,198 | 10,206 | 49,970 | 117,100 | 42.7% | 50.0% | 7.3% | |
| Building & Facility | 30,680 | 25,996 | 24,122 | 121,306 | 496,743 | 24.4% | 50.0% | 25.6% | |
| Rent (Equip, Building, Land) | 25,924 | 25,924 | 25,924 | 157,047 | 312,500 | 50.3% | 50.0% | (0.3%) | |
| Utilities | 29,233 | 31,558 | 31,402 | 192,078 | 430,000 | 44.7% | 50.0% | 5.3% | |
| Other expenditures | 146,956 | 103,118 | 148,979 | 1,135,179 | 2,308,789 | 49.2% | 50.0% | 0.8% | |
| TOTAL EXPENDITURES | \$ 907,689 | \$ 960,218 | \$ 935,136 | \$ 6,202,493 | \$ 12,582,187 | 49.3% | 50.0% | 0.7% | |
| Net Gain / (Loss) | \$ 89,335 | \$ 157,484 | \$ 99,634 | \$ 104,830 | \$ - | | | | |

| Key Balance Sheet items | Trust Current Assets | | | Trust Current Assets (cont.) | | |
|-----------------------------------|----------------------|-----------|-----------|------------------------------|------------------|------------------|
| | October | November | December | Trust Balance | Trust Balance | Trust Balance |
| (6) Total pooled cash | 3,336,808 | 2,296,037 | 2,480,486 | 239,479 | Leet-Corday | 91,444 |
| (6) 2-month reserve target | 2,014,833 | 2,014,833 | 2,014,833 | 221,803 | Morely | 12,478 |
| (6) Excess cash/(reserve deficit) | 1,321,975 | 281,204 | 465,653 | 9,188 | Hale | 44,623 |
| Total Current Assets | 3,341,588 | 2,307,790 | 3,506,209 | 92,526 | Gruber | 27,912 |
| Accounts Payable | 149,449 | 73,312 | 75,988 | | | |

Notes:

- After budget adoption, changes were made to reflect new revenue of \$37,690 for grants and donations and new expenditures of \$168,976 for matching grant expenditures and prior-year projects rebudgeted in the current year. In addition, the initial budget for Member Contributions was overstated by a \$125k budget estimate increase intended for Sales Tax. This correction has been posted.
- For sales tax, September, December, March & June include the State's estimated revenue plus any balances for actuals vs. estimates for the prior 3-months (true-up).
- The adopted budget included financing sources of an initial \$324k from board approved, one-time reserves to fund one-time payments (LLS, pay off debt, capital maintenance, materials, etc). The initial amount was increased for additional, prior-year projects re-budgeted in the current year using prior-year surpluses.
- August payroll costs included a third payroll cycle that will occur again this fiscal year in January 2014.
- In December, the four largest expenditures within 'Other expenditures' included: [Financial services - outside at \$54k]; [Software maintenance services at \$33k]; [Library functional supplies at \$14k]; and [Computer equipment at \$21k].
- Early in this fiscal year, planned one-time costs temporarily reduced cash balances below the targeted, year-end reserve. For December, cash was above the reserve by \$465,653. October's cash included an early receipt of November's cash distribution (\$930k) that was included as November revenue.

Status Update for ILS Implementation January 29, 2014

Overview

The implementation of the new ILS is still on target for April 9

| Schedule item | Item Owner | Plan date | Actual or scheduled | Comments |
|-----------------------------|-----------------|-----------------|---------------------|--|
| Configure infrastructure | LIT | 12/20/13 | 2/17/14 | Scheduled for co-lo changes on 2/16-18 |
| Data Migration | LIT | 12/1/13 | 1/14/14 | Done |
| Training server established | Polaris & LIT | 1/15/14 | 1/15/14 | Done |
| Staff training | Polaris & Staff | 2/28/14 | Month of Feb | Formal training begins 2/11 |
| Public education | Mktg Team | 2/15/14-4/30/14 | 2/15/14 to begin | |
| Final data migration | LIT & Polaris | 4/4-8/14 | 4/4-8/14 | |
| Cutover | ALL | 4/9/14 | 4/9/14 | |

Details

The migration of the data was accomplished with the assistance of a data expert. Despite it being the first time she dealt with Evergreen data, she was able to accomplish the task with ease. The final migration will take place on April 4; just prior to cutover.

The training server is configured. Review of actual data and deployment of Polaris on individual workstations is scheduled for February 3-7. Official staff training is scheduled to begin February 11.

The public PCs are starting to be configured and will be deployed by the end of March. We do need to buy Windows 7 licenses as Polaris will not run on earlier versions of Windows

Some of the network issues have been resolved for now. This includes extra storage space at the Cruzio co-lo and an improved firewall. There may be additional expenditures needed in the next budget cycle.

There are some issues that will be the focus for the public information effort scheduled to begin in mid-February:

- PINs will not transfer to Polaris. We are hoping that PINs will revert automatically to the last four numbers of an individual's phone number. Those patrons who chose a different PIN will need to reset it.
- Individual book bags and reading history will not transfer to the new system. We will come up with procedures for individuals who want to save this information for re-entry into the new system but it will be the responsibility of individual patrons to accomplish this

Evergreen will be shut down on April 3. At that point all data freezes and the process to extract data and load it onto the "real" (non-training) server starts.

We are also planning on staggering due dates as we approach April 9 in order to avoid a large number of items being returned while we are without a computer system and immediately after we go live on Polaris.

Staff Report
Library Joint Powers Board

DATE: 2/05/14

AGENDA OF: 2/10/14

DEPARTMENT: City of Santa Cruz Finance Department
BY: Marcus Pimentel, City of Santa Cruz Finance Director

SUBJECT: Library Joint Powers Authority's Mid-year FY 2013/14 Review

RECOMMENDATION: That the Library JPA Board accepts this report to accompany the Library Director's "Mid-Year Budget Requests" staff report

SUMMARY

The Library Joint Powers Authority (JPA) financial position is at present very strong. The JPA has fully funded its 2-month operating reserve (\$2.0 million) and, as of December 31, 2013 had remaining excess cash of \$465k. The year to date net operations as of December 31, 2013 is currently \$105k, with a potential \$400k year-end surplus. In addition, the Library does not current have any long-term debt. This report is intended to be informational only and to provide context to consider the Library Director's recommended mid-year adjustments.

DISCUSSION

Table 1 below provides the JPA's financial overview, including the last two audited fiscal years and a 5-year projection (current FY13/14 estimated actual and preliminary projections for the next 4 years).

| Table 1 | FY 11/12 | FY 12/13 | FY 13/14 | FY 14/15 | FY 15/16 | FY 16/17 | FY 17/18 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual | Actual | Est. Actual | Projected | Projected | Projected | Projected |
| Sales Tax | \$ 6,036,252 | \$ 6,479,095 | \$ 6,916,000 | \$ 7,158,000 | \$ 7,372,000 | \$ 7,593,000 | \$ 7,820,000 |
| Member contributions | 5,065,063 | 5,059,358 | 5,110,000 | 5,237,000 | 5,289,000 | 5,341,000 | 5,394,000 |
| other revenue | 463,200 | 442,891 | 386,000 | 389,000 | 392,000 | 395,000 | 398,000 |
| Total Revenue | \$ 11,564,515 | \$ 11,981,344 | \$ 12,412,000 | \$ 12,784,000 | \$ 13,053,000 | \$ 13,329,000 | \$ 13,612,000 |
| Regular Payroll | \$ 4,496,325 | \$ 4,506,758 | \$ 4,909,000 | \$ 5,032,000 | \$ 5,234,000 | \$ 5,418,000 | \$ 5,608,000 |
| Part-time Payroll | 594,043 | 757,734 | 747,097 | 755,000 | 778,000 | 798,000 | 818,000 |
| other Benefits and Personnel costs | 2,280,248 | 2,086,853 | 2,213,000 | 2,302,000 | 2,372,000 | 2,456,000 | 2,530,000 |
| Sub-total: Personnel | 7,370,616 | 7,351,345 | 7,869,097 | 8,069,000 | 8,384,000 | 8,672,000 | 8,956,000 |
| Library Material costs | 915,151 | 878,948 | 1,205,164 | 1,254,000 | 1,292,000 | 1,331,000 | 1,371,000 |
| Technology costs | 489,018 | 451,560 | 506,000 | 524,000 | 540,000 | 557,000 | 574,000 |
| Building & Facility costs | 733,593 | 716,319 | 672,700 | 697,000 | 718,000 | 740,000 | 763,000 |
| System support services | 668,097 | 761,541 | 822,500 | 852,000 | 878,000 | 905,000 | 933,000 |
| Utilities | 234,047 | 242,532 | 285,000 | 295,000 | 304,000 | 314,000 | 324,000 |
| Debt Service | 101,225 | 100,969 | 281,561 | - | - | - | - |
| Other costs | 263,641 | 244,310 | 458,400 | 475,000 | 490,000 | 505,000 | 521,000 |
| Sub-total: operations | 3,404,772 | 3,396,180 | 4,231,325 | 4,097,000 | 4,222,000 | 4,352,000 | 4,486,000 |
| Total JPA Costs | \$ 10,775,388 | \$ 10,747,526 | \$ 12,100,422 | \$ 12,186,000 | \$ 12,606,000 | \$ 13,024,000 | \$ 13,442,000 |
| Net Operations | \$ 789,127 | \$ 1,233,818 | \$ 311,578 | \$ 588,000 | \$ 447,000 | \$ 305,000 | \$ 170,000 |
| Recommended Budget Adjustments | | | | (192,000) | | | |
| Revised Net Operations | | | | \$ 406,000 | | | |
| Projection May 2013 (Net Operations) | | 806,000 | 622,000 | 479,000 | 325,000 | 167,000 | n/a |
| Difference before recommended adj. | | 427,818 | (310,422) | 119,000 | 122,000 | 138,000 | n/a |
| % of Total JPA Costs | | 4.0% | -2.6% | 1.0% | 1.0% | 1.1% | n/a |
| Surplus policy- 1/3 prior year towards debt/capital/CalPERS prepayment | | | | \$ 103,859 | \$ 135,333 | \$ 149,000 | \$ 101,667 |

Under several key assumptions, the JPA's net operations are projected to remain positive through Fiscal Year 17/18. Some of those key assumptions include:

- Costs are based on current service levels and before any other changes are considered as part of the FY14/15 budgetary discussions
- nearly full staffing levels
- growth in county-wide sales tax averaging 5% over the next two years with smaller increases by end of FY15/16
- growth in library fund property taxes as high as 5% in the coming year with normalized increases in the out years of 2%-3%
- for purposes of only this forecast, maintaining the current JPA's funding methodology (although a change may be likely)
- no new funding for debt service or large facility improvements or vehicle purchases
- personnel cost increases within sensible, acceptable ranges
- continue to annually prepay CalPERS when savings are possible

Included at the bottom of Table 1 is both a comparison to prior year's net operating projections and the amounts created by the adopted Surplus Policy to be designated for either debt or capital needs or to take advantage of potential discounts by prepaying annual contributions to CalPERS. The comparison is useful to determine where adjustments may be necessary in the JPA's projection model. Minor changes were made in the current model based on FY12/13 actual results. Going forward, variances in the projections are within acceptable ranges (97% or better or +/-3%).

Table 2 below provides a different comparison of the JPA's annual budget vs. prior year actual operations and current year, estimated actual operations. Revenue projects are provided through the Library Financing Authority, which contracts with a third party for additional support. Starting with the projections for FY 13/14, the Library Finance Committee took action to further review those estimates and made adjustments as necessary (increased sales tax estimates for example). Other items of note include: (1) variances in personnel costs as operations continue to be adjusted based on customer demand and board direction; (2) planned over spending of base materials budget; (3) budget savings in technology support from vacant positions and timing of new project implementation.

| Budget vs Actual Comparisons: Major Line Items (in thousands) | | | | | | |
|--|----------|----------|-----------------------|----------|------------------|-----------------------|
| Table 2 | FY 12/13 | | | FY 13/14 | | |
| | Budget | Actual | Positive / (Negative) | Budget | Estimated Actual | Positive / (Negative) |
| Sales Tax | \$ 5,991 | \$ 6,479 | \$ 488 | \$ 6,617 | \$ 6,916 | \$ 299 |
| Member Contributions | \$ 5,149 | \$ 5,059 | \$ (90) | \$ 5,135 | \$ 5,110 | \$ (25) |
| Personnel- Regular | \$ 4,678 | \$ 4,507 | \$ 172 | \$ 4,802 | \$ 4,909 | \$ (107) |
| Personnel- Temporary | \$ 692 | \$ 758 | \$ (66) | \$ 697 | \$ 747 | \$ (50) |
| Materials | \$ 870 | \$ 879 | \$ (9) | \$ 1,105 | \$ 1,205 | \$ (100) |
| Building & Facilities | \$ 796 | \$ 716 | \$ 80 | \$ 749 | \$ 673 | \$ 76 |
| System Support | \$ 899 | \$ 762 | \$ 137 | \$ 834 | \$ 823 | \$ 11 |
| Technology support | \$ 515 | \$ 452 | \$ 64 | \$ 831 | \$ 506 | \$ 325 |
| Utilities | \$ 262 | \$ 243 | \$ 20 | \$ 262 | \$ 285 | \$ (23) |

As a supplement to this report, included as an attachment is the audited financial statements for the Santa Cruz Public Libraries Joint Powers Authority for the year ended June 30, 2013 (FY12/13).

Santa Cruz Public Libraries Joint Powers Authority

Santa Cruz, California

*Basic Financial Statements and
Independent Auditors' Report*

For the year ended June 30, 2013

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Santa Cruz Public Libraries Joint Powers Authority
Basic Financial Statements
For the year ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the
Santa Cruz Public Libraries Joint Powers Authority
Santa Cruz, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Santa Cruz Public Libraries Joint Powers Authority, (Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant



To the Administrative Board of the
Santa Cruz Public Libraries Joint Powers Authority
Santa Cruz, California

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining fund financial statements for the library operating funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.



To the Administrative Board of the
Santa Cruz Public Libraries Joint Powers Authority
Santa Cruz, California

The combining fund financial statements for the library operating funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements for the library operating funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 10, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Lance, Soll & Luyhard, LLP

Brea, California
January 10, 2014

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Management's Discussion and Analysis

Management of the Santa Cruz Public Libraries Joint Powers Authority (Authority) provides this Management Discussion and Analysis for readers of the Authority's Basic Financial Statements. This narrative overview and analysis of the financial activities of the Authority is for the fiscal year ended June 30, 2013.

I. Financial Highlights

- **Government-Wide Highlights:**

The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$4,354,251 (*Net Position*). A component of this balance represents \$1,126,994 of net investment in capital assets; however, the remainder of Net Position consists of unrestricted Net Position of \$3,227,257. Unrestricted Net Position represents the amount normally used to meet the Authority's ongoing obligations.

Changes in Net Position - The Authority's total Net Position increased by \$1,134,725 in fiscal year 2013 that was the result of the Authority's efforts to reduce expenses, which included employee layoffs, furloughs and less spending on books and materials.

The Authority's total assets increased by \$963,573 at the end of the fiscal year. All asset categories, except two, experienced increases during the year, including Cash and Cash Equivalents of \$1,051,296, Taxes Receivable of \$26,405, Interest Receivable of \$431 and Due from Other Governments of \$50,156. The asset category Accounts Receivable decreased during fiscal year 2013 by \$8,994 and Net Capital Assets decreased by \$155,721.

The Authority's total liabilities decreased by \$171,152 during the fiscal year due to decreases in Accounts Payable of \$95,502, Interest Payable of \$1,288, Deposits Payable of \$73, and Loans Payable of \$85,453 coupled with an increase in Unearned Revenue of \$11,164.

- **Fund Highlights:**

As of the close of the fiscal year, the Authority's general fund reported a fund balance of \$3,495,818 which is an increase of \$1,203,705 when compared with the prior year amount. The fund balance is a measure of whether the Authority will have sufficient resources to meet its near-term obligations.

The Authority's general fund total assets increased by \$1,119,294 and the total liabilities decreased by \$84,411 during the fiscal year. Changes in assets consist of increases in Cash and Cash Equivalents of \$1,051,296, Taxes Receivable of \$26,405, Interest Receivable of \$431 and Due from Other Governments of \$50,156. The asset category Accounts Receivable decreased during fiscal year 2013 by \$8,994. Changes in liabilities consist of a decrease in Accounts Payable and Deposits Payable of \$95,502 and \$73 respectively. There was an increase in Unearned Revenue of \$11,164 during the fiscal year.

II. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Santa Cruz Public Libraries Joint Powers Authority's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The *statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *Net Position*.

The *statement of activities* presents information showing how the Authority's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., interest on long-term debt due but unpaid at the end of the fiscal year).

The Authority's library services function is principally supported by taxes and intergovernmental revenues, and is therefore considered a *governmental activity*. The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements can be found on pages 14-17 of this report.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund statements focus on *near-term inflows and outflows of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority has one governmental fund, the general fund, which is used to account for all of its activities.

Notes to the Basic Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20-34 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents a section containing *required supplementary information* which includes a budgetary comparison schedule for the general fund to demonstrate compliance with the budget and *other information* which includes combining fund financial statements. This section can be found on pages 36-39 of this report.

III. Government-wide Financial Analysis

About one-quarter of the Authority’s Net Position reflects its net investment in capital assets, primarily machinery, furnishings, equipment and leasehold improvements. These assets are used to provide services to citizens; consequently, they are not available for future spending. The table below shows the components of the Net Position.

**Santa Cruz Public Libraries
Net Position
At June 30, 2013**

| | 2013 | 2012 |
|----------------------------------|--------------|--------------|
| Total assets | \$ 4,946,049 | \$ 3,982,476 |
| Total current liabilities | 377,204 | 500,939 |
| Total noncurrent liabilities | 214,594 | 262,011 |
| Total liabilities | 591,798 | 762,950 |
| Net Position: | | |
| Net investment in Capital Assets | 1,126,994 | 1,282,715 |
| Unrestricted | 3,227,257 | 1,936,811 |
| Total Net Position | \$ 4,354,251 | \$ 3,219,526 |

The figure in *Unrestricted Net Position* represents the balance in the amounts normally used to meet the Authority’s ongoing obligations. At June 30, 2013, the Authority had a balance of \$3,227,257 in unrestricted Net Position which is a significant improvement from the balance of \$1,936,811 in the prior fiscal year end.

Governmental Activities. All the activities of the Authority are governmental, so it has no business-type activities.

III. Government-wide Financial Analysis, Continued

Santa Cruz Public Libraries Changes in Net Position Fiscal year ended June 30, 2013

| | 2013 | 2012 |
|----------------------------------|--------------|--------------|
| General Revenues: | | |
| Sales Tax | \$ 6,479,095 | \$ 6,036,252 |
| Unrestricted Investment Earnings | 18,159 | 23,829 |
| Miscellaneous Revenue | 20,672 | 29,036 |
| Total General Revenues | 6,517,926 | 6,089,117 |
| Program revenues | 5,463,418 | 5,471,960 |
| Total revenues | 11,981,344 | 11,561,077 |
| Expenditures | 10,846,619 | 10,820,039 |
| Changes in Net Position | 1,134,725 | 741,038 |
| Net Position - beginning of year | 3,219,526 | 2,478,488 |
| Net Position - end of year | \$ 4,354,251 | \$ 3,219,526 |

The Authority's net position increased by \$1,134,725 during the fiscal year due to the Authority's continued efforts to reduce its operating expenses.

IV. Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. As mentioned above, such information may be useful in assessing the Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the fiscal year, the Authority's general fund reported an ending fund balance of \$3,495,818, which is an increase of \$1,203,705 in comparison with the prior year amount. This increase has been possible because of the Authority's efforts to reduce operating costs, which have included employee layoffs, furloughs and less spending on books and materials. In addition, the Authority has received donations and assistance from the Friends of the Santa Cruz Public Library organization as well as bequest income from various Trust Funds.

V. Budgetary Highlights

The final amended budget is more than the original budget for revenues and other financing sources by \$6,096,132, due to increases in Sales and Use Taxes of \$5,991,473 and increases in Other Revenues of \$104,659. The final amended budget is more than the original budget for expenditures and other financing uses by \$451,832, due to increases in Services, Supplies and Other Charges of \$265,944, Capital Outlay of \$105,222 and Other Financing Uses of \$80,666.

The actual revenues and other financing sources were more than the final amended budget by \$399,256. The actual expenditures and other financing uses were less than the final amended budget by \$735,261.

VI. Capital Asset and Debt Administration

Capital Assets. As of June 30, 2013, the Authority's investment in capital assets was \$1,126,994 (net of accumulated depreciation), which is \$155,721 less than the prior year. The decrease was attributed entirely to additional accumulated depreciation.

Long-term Debt. At the end of the current fiscal year, the Authority had total long-term debt outstanding of \$262,011, which consisted solely of outstanding loan obligations. The Authority's long-term debt decreased by \$85,453 during the fiscal year due to scheduled annual repayments of outstanding debt. Additional information on the Authority's long-term debt can be found in Note 4 of this report. During the fiscal year, the Authority was able to fully repay the principal balance of the debt to the County for the overpayment received due to a distribution error in 2004. The Authority plans to pay off the remaining debt in full during fiscal year 2013-14.

VII. Economic Factors and Next Year's Budgets

The library system maintains a healthy and stable financial position. There is adequate, stable and diverse funding to finance ongoing operations, key strategic initiatives and capital projects. Of the Authority's fiscal year 2012-13 revenues (excluding other financing sources), 54% came from a dedicated quarter cent sales tax approved by the voters in 1996. This tax was originally intended to sunset in 2012, but the voters approved making this quarter cent sales tax permanent in 2008. The balance of the Authority's revenues come from local contributions, property tax collected in the County unincorporated areas designated for libraries, bequest income, donations and fees and fines. Sales tax revenues are driven by the general health of the local economy. Sales tax revenue increased over \$442 thousand (about 7.3%) in fiscal year 2012-13 in line with the improved economy, but is not expected to increase significantly in fiscal year 2013-14.

In response to primarily declining revenues in prior years, the Authority had enacted such actions as employee layoffs, work furloughs, less spending on books and reductions in branch hours. During fiscal year 2012-13, the Library Joint Powers Authority transitioned into a new service model for the library system which aimed at changing how services are delivered, improving technology at the branches, building up reserves and increasing branch hours. In June of 2013, the Board amended the Reserve Policy to replace the 5% operating reserve and future 10% reserve policy with a System Wide Stabilization Arrangement (i.e. Reserve) at a 2-month funded level policy. They also adopted a Library operating fund Surplus Policy in which the Library's last year's audited General Fund surplus (defined as "Net Change in Fund Balance") shall be used for specific purposes defined in the policy to continue to maintain a healthy and stable financial position. The budget for fiscal year 2013-14 builds on the priorities established through the various plans that are now in place: Strategic Plan, Service Model/Staffing Plan, Facilities Master Plan and Technology Plan.

VIII. Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Libraries, 117 Union Street, Santa Cruz, California, 95060.

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Santa Cruz Public Libraries
Statement of Net Position
June 30, 2013

| | <u>Primary Government</u> <u>Governmental</u> <u>Activities</u> |
|---|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 2,785,854 |
| Interest receivable | 4,506 |
| Taxes receivable | 617,302 |
| Accounts receivable | 6,042 |
| Due from other governments | 405,351 |
| Total current assets | <u>3,819,055</u> |
| Noncurrent assets: | |
| Capital assets, net of accumulated depreciation | 1,126,994 |
| Total assets | <u>\$ 4,946,049</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and other current liabilities | \$ 308,452 |
| Interest payable | 6,550 |
| Unearned revenue | 14,262 |
| Deposits payable | 523 |
| Loans payable - current portion | 47,417 |
| Total current liabilities | <u>377,204</u> |
| Noncurrent liabilities: | |
| Loans payable - due in more than one year | 214,594 |
| Total liabilities | <u>591,798</u> |
| NET POSITION | |
| Net investment in capital assets | 1,126,994 |
| Unrestricted | 3,227,257 |
| Total Net Position | <u>\$ 4,354,251</u> |

Santa Cruz Public Libraries
Statement of Activities and Changes in Net Position
For the year ended June 30, 2013

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|----------------------|------------------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Total | |
| Primary government: | | | | | |
| Library services | \$ 10,832,390 | \$ 244,327 | \$ 5,219,091 | \$ 5,463,418 | \$ (5,368,972) |
| Interest on long-term debt (unallocated) | 14,229 | - | - | - | (14,229) |
| Total primary government | \$ 10,846,619 | \$ 244,327 | \$ 5,219,091 | \$ 5,463,418 | (5,383,201) |
| General Revenues: | | | | | |
| | | | | | 6,479,095 |
| | | | | | 18,159 |
| | | | | | 20,672 |
| | | | | Total general revenues | 6,517,926 |
| | | | | Change in Net Position | 1,134,725 |
| | | | | Net Position - beginning of year | 3,219,526 |
| | | | | Net Position - end of year | \$ 4,354,251 |

Santa Cruz Public Libraries
Balance Sheet
Governmental Fund
June 30, 2013

| | <u>Major Fund</u> |
|--|---------------------|
| | <u>General</u> |
| ASSETS | |
| Cash and cash equivalents | \$ 2,785,854 |
| Interest receivable | 4,506 |
| Taxes receivable | 617,302 |
| Accounts receivable | 6,042 |
| Due from other governments | 405,351 |
| Total assets | <u>\$ 3,819,055</u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable and other current liabilities | \$ 308,452 |
| Unearned Revenue | 14,262 |
| Deposits payable | 523 |
| Total liabilities | <u>323,237</u> |
| Fund Balances: | |
| Committed | 2,074,701 |
| Unassigned | 1,421,117 |
| Total fund balance | <u>3,495,818</u> |
| Total liabilities and fund balance | <u>\$ 3,819,055</u> |

Santa Cruz Public Libraries
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balance - Total Governmental Fund \$ 3,495,818

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

| | |
|-------------------------------|--------------------|
| Infrastructure | 579,683 |
| Lease Improvements | 2,018,031 |
| Machinery and equipment | 1,630,552 |
| Software | 3,983 |
| Construction in progress | 71,353 |
| Less accumulated depreciation | <u>(3,176,608)</u> |
| Total capital assets | 1,126,994 |

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (6,550)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

| | Current Portion | Long-Term Portion | |
|---------------|--------------------|----------------------|-----------|
| Loans payable | \$ (47,417) | \$ (214,594) | (262,011) |

Net Position of Governmental Activities

\$ 4,354,251

Santa Cruz Public Libraries
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2013

| | <u>Major Fund</u> |
|---|---------------------|
| | <u>General</u> |
| REVENUES: | |
| Taxes | \$ 6,479,095 |
| Intergovernmental | 5,100,666 |
| Charges for services | 16,883 |
| Fines and forfeitures | 227,444 |
| Use of money and property | 18,159 |
| Other revenues | 137,658 |
| Total revenues | <u>11,979,905</u> |
| EXPENDITURES: | |
| Current: | |
| Personnel services | 7,351,345 |
| Services, supplies, and other charges | 3,325,324 |
| Debt service: | |
| Principal | 85,453 |
| Interest | 15,517 |
| Total expenditures | <u>10,777,639</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 1,202,266 |
| OTHER FINANCING SOURCES (USES): | |
| Sale of surplus equipment | 1,439 |
| Total other financing sources (uses) | <u>1,439</u> |
| Net change in fund balance | 1,203,705 |
| FUND BALANCE: | |
| Beginning of year | <u>2,292,113</u> |
| End of year | <u>\$ 3,495,818</u> |

Santa Cruz Public Libraries
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the year ended June 30, 2013

Net Change in Fund Balance - Total Governmental Funds \$ 1,203,705

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure. (155,721)

Repayment of principal debt was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. 85,453

Interest payable on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but did not require the use of current financial resources. Therefore, it was not reported as an expenditure in the governmental fund.

| | | |
|---------------------------------------|----------|-------|
| Prior year interest payable | \$ 7,838 | |
| Current year interest payable | 6,550 | |
| Change between prior and current year | | 1,288 |

Change in Net Position of Governmental Activities \$ 1,134,725

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NOTES TO BASIC FINANCIAL STATEMENTS

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Santa Cruz Public Libraries Joint Powers Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

In May 1996 the County of Santa Cruz (County), City of Santa Cruz (City), City of Watsonville, City of Capitola, and the City of Scotts Valley entered into a joint exercise of powers agreement to provide library services to their respective jurisdictions representing the entire incorporated and unincorporated areas of Santa Cruz County. On November 5, 1996, the voters approved an additional one-quarter percent increase in the sales tax to fund the library system. This revenue is collected by the County Library Financing Authority, and is subsequently passed through to the Authority. In addition to the sales tax funding, under the joint powers agreement, each entity has maintenance of effort requirements based on the respective entities' previous funding levels.

The Authority is a separate entity with a nine member board consisting of two members of the County Board of Supervisors, two members of the City of Santa Cruz City Council, one member each of the City Councils of Capitola and Scotts Valley, and three at-large citizens appointed by the Board. The City of Santa Cruz (the City) administers the library system. All library employees are employees of the City and have the same benefits and retirement programs as all other City employees.

B. Basis of Accounting and Measurement Focus

The accounts of the Authority are organized on the basis of funds. Each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority uses only one fund, General Fund, to record the results of its operations.

Government-Wide Financial Statements

The Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the Authority.

The basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Certain types of transactions are reported as program revenues for the Authority in three categories:

- Charges for services (including fines and forfeitures)
- Operating grants and contributions
- Capital grants and contributions

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all governmental funds aggregated. The Authority presented one major governmental fund.

Governmental fund financial statements are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Generally, revenues are considered available if they are collected within 60 days after fiscal year end. If revenues are not subject to accrual, they are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, these revenues are removed from the balance sheet and the revenues are recognized.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Flow Assumptions and Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted Net Position are available, the Authority's policy is to apply restricted Net Position first.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Flow Assumptions and Use of Restricted/Unrestricted Net Position, Continued*

Net position flow assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund balance flow assumptions

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

D. *Cash and Cash Equivalents*

The Authority's cash is pooled with that of the City.

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The cash balance in the pooled accounts is available to meet current operating requirements of the Authority. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. Investment policies and associated risk factors applicable to the Authority are those of the City and are included in the City's basic financial statements.

Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of daily cash and investment balances.

The Authority also participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. These structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

Government-Wide Financial Statements

Capital assets are defined by the Authority as assets having an estimated useful life in excess of one year, and an initial individual cost as follows, depending on the asset type:

| | |
|----------------------------------|-----------|
| Infrastructure | \$ 25,000 |
| Buildings and lease improvements | 10,000 |
| Machinery and equipment | 5,000 |
| Software (if qualified) | 5,000 |

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Assets acquired under capital leases are capitalized in accordance with generally accepted accounting principles. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|----------------------------------|-------------|
| Infrastructure | 5-100 Years |
| Buildings and lease improvements | 15-50 Years |
| Machinery and equipment | 5-20 Years |
| Software | 5 Years |

Fund Financial Statements

The fund financial statements do not present capital assets. Consequently, capital assets are presented as reconciling items in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

F. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred. Interest payable is not presented in the fund financial statements because the fund financial statements do not present liabilities related to long-term debt.

G. Long-Term Debt

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements - The fund financial statements do not present long-term debt. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

H. Net Position

In the Government-Wide Financial Statements, Net Position may be classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all Net Position that do not meet the definition of "net investment in capital assets" or "restricted net position."

I. Fund Balances

In the Fund Financial Statements, governmental funds report nonspendable fund balances for amounts that are not available for appropriation and restricted fund balances for amounts that are legally restricted by outside parties for use for a specific purpose. In accordance with GASB Statement No. 54, fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. Fund balance is now classified into five categories: *nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.*

Nonspendable - This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This category consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Authority to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed - This category consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority's highest level of decision making authority which includes the City Charter, Ordinances and Resolutions. Formal action taken is with the passage of a simple majority vote at or prior to the last meeting for the applicable fiscal year. It also includes contractual obligations for which existing resources have been committed. Those committed amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned - This category consists of amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the Authority Council or its designated officials, such as the Finance Director, to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Council action.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Fund Balances, Continued

Unassigned - This category represents amounts that have not been restricted, committed or assigned to specific purposes.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

2. CASH AND INVESTMENTS

The Authority had cash and investments balance of \$2,785,854 at June 30, 2013. The Authority's funds are pooled with the City's cash and investments in order to generate optimum interest income.

Investments Authorized by the City's Investment Policy

The investments made by the City treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, dated June 26, 2013, which is more conservative than that allowed by the State statute.

The scope of the investment policy includes all activities of the City and the following reporting entities:

- City of Santa Cruz
- City of Santa Cruz Successor Agency (Redevelopment)
- Santa Cruz Public Improvement Financing Corporation
- Santa Cruz Public Financing Authority

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

Under provisions of this policy, the City is authorized to invest in the following types of investments:

- Money market accounts deposited with a nationally or state-chartered bank.
- Bonds issued by the City. Purchases of this type shall not exceed five years to maturity.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those securities backed by the full faith and credit of the U.S. Government with maturities not to exceed five years.
- Obligations, participations, or other instruments of, or issued by, a Federal agency or a United States government-sponsored enterprise with maturities not to exceed five years.
- Bankers' acceptances with a term not to exceed 180 days' maturity or 40% of the City's portfolio.
- Nonnegotiable and nontransferable certificates of deposit issued by the following types of financial institutions which have branch office locations within Santa Cruz County: a nationally or state-chartered bank, state or federal credit union, or a state-licensed branch of a foreign bank. Purchases may not exceed 30% of the City's portfolio with no more than 5% of the portfolio deposited with a single issuer.
- State of California Local Agency Investment Fund as long as the total amount of City and Agency combined funds invested does not exceed the limit set by LAIF.
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations (e.g., money market mutual funds). Purchases shall not exceed 20% of the City's portfolio with no more than 10% of the portfolio in a single mutual fund.
- Repurchase agreements with primary dealers of the Federal Reserve with specific terms and conditions. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly. Securities that can be pledged for collateral consist only of investments permitted within this policy with a maximum maturity of five years. Purchases shall not exceed 92 days to maturity and 20% of the portfolio.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

- Internal financing pool established for the purpose of providing loans to City departments or funds for significant one-time purchases. Investments in the pool shall not exceed the lesser of \$10 million or 10% of the City's portfolio.

Bond proceeds held by fiscal agents to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves are invested in accordance with the requirements and restrictions of the City's investment policy unless provided for otherwise by the City Council or Redevelopment Successor Agency Oversight Board and as permitted by specific State statutes, applicable City ordinance or resolution, and bond indenture requirements.

Investment in State Investment Pool

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2013, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2013, the City had \$54,802,768 invested in LAIF accounts, which had invested 1.961% of the pool investments in structured notes and asset-backed securities as compared to 3.467% in the previous year. The City's share of structured notes and asset-backed securities due to its holdings in LAIF amounted to approximately 0.672% of investments at June 30, 2013.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two and one-half (2 ½) years or less. The City is in compliance with this provision of the investment policy with a weighted average maturity of 324 days at June 30, 2013.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

Investments in callable bonds are investments that, although having clearly defined maturities, allow for the issuer to redeem or call such bonds earlier than their respective maturity dates. The investor must then replace the called bonds with investments that may have lower yield than the original bonds. As a result, the fair value of the callable bonds is highly sensitive to changes in interest rates. As of June 30, 2013, the City held \$16,709,668 in callable securities, which amounted to approximately 10.47% of investments at June 30, 2013. The investment policy limits the purchase of callable U.S. Agency instruments to discreet calls and those that pay 100% of the principal at the redemption date. In addition, purchases of callable

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

U.S. Agency instruments are not to exceed 30% of the value of the portfolio. The City is in compliance with these provisions of the investment policy.

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City manages credit risk by evaluating and pre-qualifying banks and primary dealers and by investing in securities with top ratings issued by nationally recognized statistical rating organizations. The City's investment policy requires that the management company of mutual funds must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. Although the investment in the Dreyfus California AMT-Free Muni Fund is not rated, and therefore, not in compliance with the City policy, it was authorized by City Council and City Officials as a necessary investment to preserve the tax-exempt status of the related bond proceeds.

Concentration of Credit Risk

The City's investment policy states that not more than 25% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and the external investment pool (LAIF). In addition, purchases of mutual funds must not exceed 20% of the value of the portfolio. Purchases in a single mutual fund may not exceed 10% of the value of the portfolio. The City is in compliance with these provisions of the investment policy.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2013 the Authority's capital assets consisted of the following:

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---------------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Non-depreciable assets: | | | | |
| Construction In Progress | \$ 71,353 | \$ - | \$ - | \$ 71,353 |
| Total non-depreciable assets | 71,353 | - | - | 71,353 |
| Depreciable assets: | | | | |
| Infrastructure | 579,683 | - | - | 579,683 |
| Lease improvements | 2,018,031 | - | - | 2,018,031 |
| Machinery and equipment | 1,648,085 | - | (17,533) | 1,630,552 |
| Software | 3,983 | - | - | 3,983 |
| Total depreciable assets, at cost | 4,249,782 | - | (17,533) | 4,232,249 |
| Total capital assets | 4,321,135 | - | (17,533) | 4,303,602 |
| Less accumulated depreciation: | | | | |
| Infrastructure | (244,414) | (24,300) | - | (268,714) |
| Lease improvements | (1,235,459) | (97,912) | - | (1,333,371) |
| Machinery and equipment | (1,554,564) | (33,509) | 17,533 | (1,570,540) |
| Software | (3,983) | - | - | (3,983) |
| Total accumulated depreciation | (3,038,420) | (155,721) | 17,533 | (3,176,608) |
| Total capital assets, net | \$ 1,282,715 | \$ (155,721) | \$ - | \$ 1,126,994 |

Purchases of books are recorded as expenditures when acquired and are not included in capital assets.

Depreciation expense of the governmental activities for the year ended June 30, 2013 was \$155,721.

B. Fund Financial Statements

The fund financial statements do not present general government capital assets; consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. LONG-TERM DEBT

A summary of long-term debt transactions for the year ended June 30, 2013, is as follows:

| Description | Balance | | | Balance June 30, 2013 | Classification | |
|-----------------------------|-------------------|-------------|--------------------|--------------------------|------------------------|------------------------------|
| | July 1, 2012 | Additions | Deletions | | Due within one year | Due in more than one year |
| City of Santa Cruz Loan | \$ 307,170 | \$ - | \$ (45,159) | \$ 262,011 | \$ 47,417 | \$ 214,594 |
| 2004 Library Debt to County | 40,294 | - | (40,294) | - | - | - |
| Total | \$ 347,464 | \$ - | \$ (85,453) | \$ 262,011 | \$ 47,417 | \$ 214,594 |

City of Santa Cruz Loan

In September of 2008, the Authority executed a loan agreement with the City for \$467,303 related to the costs of the Authority's tenant improvements at the Union Locust building. The loan will be repaid over ten years, with an annual interest rate of 5%. The annual debt service payment on this loan is fixed at \$60,518 and payments began in January of 2009. The principal balance outstanding at June 30, 2013, was \$262,011. The Authority plans to pay off this loan in full in fiscal year 2013-14.

The annual installment payments remaining on this loan at June 30, 2013, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|-------------------|------------------|-------------------|
| 2014 | 47,417 | 13,101 | 60,518 |
| 2015 | 49,788 | 10,730 | 60,518 |
| 2016 | 52,278 | 8,240 | 60,518 |
| 2017 | 54,892 | 5,626 | 60,518 |
| 2018 | 57,636 | 2,882 | 60,518 |
| Total | \$ 262,011 | \$ 40,579 | \$ 302,590 |

2004 Library Debt to County

On April 26, 2004, the Authority entered into an agreement with the County to repay an overpayment received due to a distribution error from the County. Payments began in August of 2005 and consist of fixed annual principal payments of \$40,294 plus interest. The interest rate is based upon the LAIF interest rate used by both parties and varies year to year. The principal balance was fully paid during the fiscal year ended June 30, 2013.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. RELATED PARTY TRANSACTIONS

The cities of Santa Cruz and Watsonville and the County of Santa Cruz are required to provide funding to the Santa Cruz County Library Financing Authority in accordance with the maintenance of effort agreement. The net revenues received by the County Library Financing Authority are then passed through to the Library Joint Powers Authority (Authority) and the City of Watsonville based on a prescribed formula. For fiscal year 2013, the Authority's share of the revenues is \$5,059,358 or 77.46%. Distribution of the member contributions are as follows:

| Contributing Member Agencies | County Library Financing Authority Contributions | Less: Miscellaneous Costs | Net Contributions | Library Joint Powers Authority Share (77.46%) | City of Watsonville Library Share (22.54%) |
|---------------------------------|---|---------------------------------|----------------------|--|---|
| City of Santa Cruz | \$ 1,394,751 | \$ (2,713) | \$ 1,392,038 | \$ 1,077,298 | \$ 314,740 |
| City of Watsonville | 541,684 | (787) | 540,897 | 418,600 | 122,297 |
| County of Santa Cruz | 4,604,548 | - | 4,604,548 | 3,563,460 | 1,041,088 |
| Total | \$ 6,540,983 | \$ (3,500) | \$ 6,537,483 | \$ 5,059,358 | \$ 1,478,125 |

6. DUE FROM OTHER GOVERNMENTS

Due from other governments include anticipated grant reimbursements from the State for incurred expenditures and funding for Library operations from the County Library Financing Authority. Amounts due are as follows:

| | FY 2013 |
|-------------------------------------|-------------------|
| County of Santa Cruz | \$ 403,111 |
| State of California - First 5 Grant | 2,240 |
| Total | \$ 405,351 |

7. COMMITMENTS AND CONTINGENCIES

A. Commitments

As of June 30, 2013, the Authority had no outstanding commitments.

B. Contingencies

In the opinion of Authority's management, there were no additional outstanding matters that would have a significant effect on the financial position of the operations of the Authority at June 30, 2013.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. RETIREMENT PLANS

Pension Plan

Authority's employees are covered under the City's participation in the State of California's Public Employees Retirement System (PERS).

The City contributes to PERS, an agent multiple-employer public employee retirement system, that acts as a common investment and administrative agency for participating public entities within the State of California.

The benefit provisions and all other requirements are established by State statute and City ordinance.

The Authority assumes its share of pension costs based upon rates established by PERS for the City's general employees. No separate pension benefit obligation is calculated for the Authority; accordingly, no obligation is presented herein. Further information regarding the City's participation in PERS may be found in the City's basic financial statements.

9. FUND BALANCE

In fiscal year 2011, the Authority implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and the Authority approved a fund balance policy that recognized five fund balance classifications: *nonspendable, restricted, committed, assigned and unassigned*.

Under the Authority's fund balance reporting policy, the order of fund balance classification within each fund is determined by the fund's total nonspendable amount and remaining fund balance. All nonspendable funds, such as inventories and prepaid expenditures, must always be classified first, even if this action creates a deficit unassigned fund balance, and classifying funds under the remaining categories is not allowable if the action creates a deficit unassigned fund balance. The Authority's policy established that, unless prohibited by legal requirements, the following fund balance category order should be used when classifying any remaining funds: *restricted, committed, assigned and unassigned*.

The Library Joint Powers Authority has been established as the highest authority for fund balance commitments. The approval of fund balance assignments and the classification of fund balance amounts has been delegated to the Director of Libraries.

In addition, the Board approved an establishment of a stabilization agreement to cover cash flow issues and unexpected expenditures in future fiscal years. The amount at June 30, 2013, is \$1,912,905. This amount is included in committed fund balance.

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

9. FUND BALANCE, Continued

The following table shows the classification of the Authority's fund balance at the end of June 30, 2013:

| Fund Balance Category | General Fund |
|---------------------------|---------------------|
| Committed for: | |
| Stabilization Reserve | \$ 1,912,905 |
| Technology improvements | 4,894 |
| New Felton branch | 1,164 |
| JPA vehicle replacement | 155,738 |
| Unassigned | 1,421,117 |
| Total Fund Balance | \$ 3,495,818 |

10. AUTHORITY'S FINANCIAL CONDITION

At June 30, 2013, the Authority had unrestricted Net Position of \$3,227,257, an increase of \$1,290,446 from the prior year of \$1,936,811 on the Government-Wide Financial Statements. The Authority had a surplus fund balance of \$3,495,818, an increase of \$1,203,705 from the prior year balance of \$2,292,113 on the Fund Financial Statements. Of that surplus fund balance, \$1,421,117 of it is unassigned.

The following is the four year trend information of financial condition of the Authority:

Government-Wide Financial Statements

| | Total Net Position (Deficit) | Change \$ | Unrestricted Net Position | Change \$ | Change in Net Position | Change \$ |
|------|---------------------------------|-----------|------------------------------|-----------|---------------------------|-----------|
| 2010 | 1,581,344 | 768,760 | (10,994) | 890,284 | 768,760 | 1,705,551 |
| 2011 | 2,478,488 | 897,144 | 1,029,390 | 1,040,384 | 897,144 | 128,384 |
| 2012 | 3,219,526 | 741,038 | 1,936,811 | 907,421 | 741,038 | (156,106) |
| 2013 | 4,354,251 | 1,134,725 | 3,227,257 | 1,290,446 | 1,134,725 | 393,687 |

Fund Financial Statements

| | Total Fund Balance (Deficit) | Change \$ |
|------|---------------------------------|-----------|
| 2010 | 511,782 | 797,280 |
| 2011 | 1,469,325 | 957,543 |
| 2012 | 2,292,113 | 822,788 |
| 2013 | 3,495,818 | 1,203,705 |

Santa Cruz Public Libraries Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. AUTHORITY'S FINANCIAL CONDITION, Continued

The Authority has steadily improved its financial condition over the last four fiscal years. Fiscal years 2010, 2011, 2012 and 2013 saw an increase of \$768,760, \$897,144, \$741,038 and \$1,134,725 respectively, in total Net Position. Similarly, for fiscal years 2010, 2011, 2012 and 2013, the Authority saw an increase of \$797,280, \$957,543, \$822,788 and \$1,203,705 respectively, in total fund balance. These improvements in Net Position and fund balance reduce the uncertainties regarding the Authority's ability to conduct future operations.

During fiscal 2012-13, the Authority continued certain procedures to improve its fund balance, including reductions in operating expenses which are anticipated to continue for the next few years.

Management estimates that the Authority will also end fiscal year 2013-14 with a positive fund balance based on its current budget. The Authority is not anticipating that revenues will increase significantly in fiscal year 2013-14; however, the Authority has continued policies to control expenses, including the implementation of the new service model for the Library.

11. SUBSEQUENT EVENT

The board decided as part of their strategic plan to pay off the loan from the City early in fiscal year 2014 (refer to Note 4). This created a long term savings of over \$35,000 in interest expense and relieved the Library of the burden of the annual principal payments.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Cruz Public Libraries
Required Supplementary Information
For the year ended June 30, 2013

Budgetary Comparison Schedule, General Fund

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|-----------------------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | \$ 5,991,473 | \$ 6,479,095 | \$ 487,622 |
| Intergovernmental | 5,152,416 | 5,157,116 | 5,100,666 | (56,450) |
| Charges for services | 13,600 | 13,600 | 16,883 | 3,283 |
| Fines and forfeitures | 225,000 | 225,000 | 227,444 | 2,444 |
| Use of money and property | 12,940 | 12,940 | 18,159 | 5,219 |
| Other revenues | 82,000 | 181,959 | 137,658 | (44,301) |
| Total revenues | 5,485,956 | 11,582,088 | 11,979,905 | 397,817 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Personnel services | 7,574,988 | 7,574,988 | 7,351,345 | 223,643 |
| Services, supplies, and other charges | 3,412,775 | 3,678,719 | 3,325,324 | 353,395 |
| Debt service: | | | | |
| Principal | 85,453 | 85,453 | 85,453 | - |
| Interest | 15,518 | 15,518 | 15,517 | 1 |
| Capital outlay | 53,000 | 158,222 | - | 158,222 |
| Total expenditures | 11,141,734 | 11,512,900 | 10,777,639 | 735,261 |
| REVENUES OVER (UNDER) EXPENDITURES | (5,655,778) | 69,188 | 1,202,266 | 1,133,078 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of surplus equipment | - | - | 1,439 | 1,439 |
| Total other financing sources (uses) | - | - | 1,439 | 1,439 |
| NET CHANGE IN FUND BALANCE | (5,655,778) | 69,188 | 1,203,705 | 1,134,517 |
| BUDGETARY FUND BALANCES: | | | | |
| Beginning of year | 641,561 | 545,418 | 2,292,113 | 1,746,695 |
| End of year | \$ (5,014,217) | \$ 614,606 | \$ 3,495,818 | \$ 2,881,212 |

Santa Cruz Public Libraries
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGETARY BASIS OF ACCOUNTING

An annual budget is adopted by the Authority on or before June 30 for the fiscal year beginning July 1. The annual budget process begins in February with a public hearing, at which time the Board considers service and budget priorities for the following year. The Director of Libraries then prepares a proposed budget, based upon the service priorities and revenue estimates. The proposed budget is made available to the public for review prior to a public hearing in May of each year. At this hearing, the Board can request supplemental information from the Director of Libraries. This supplemental information, plus an update on available financing for the Library System is presented to the Board for review prior to final budget adoption.

Administratively, the Authority's budget is managed under the policies and procedures of the City. The Director of Libraries is authorized to approve appropriation transfers up to a specified amount; however, any new appropriation requires approval by the Authority Board. Several supplemental appropriations that were necessary during the year are reflected in the final budgeted amounts. Expenditures may not legally exceed appropriations at the department level.

All annual operating appropriations lapse at fiscal year end, except for amounts legally encumbered at year end. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental fund types. Encumbrances outstanding at year-end are reported as reservation of fund balances since they do not constitute expenditures or liabilities, and re-appropriations in the subsequent year provide authority to complete these transactions as expenditures.

In addition, project-length (or non-lapsing) budgets are adopted for capital improvements and other projects, and grant-funded projects or programs that may not be completed within the fiscal year during which the budget appropriation for the project or program originates. Under these circumstances, the appropriation continues until project or program completion, or unless the appropriation is subsequently amended or rescinded by the Authority Board.

Budgets are adopted each year for the General Fund. This budget is prepared on a basis consistent with GAAP.

Santa Cruz Public Libraries
Combining Balance Sheet
Library Operating Funds*
June 30, 2013

| | Library Operating Funds | | | | Total Library Operating Funds |
|---|--------------------------|-----------------------|-----------------------------|-------------------------------|--|
| | Library JPA Operating | Technology Reserve | Felton Branch Reserve | JPA Vehicle Replacement | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,624,307 | \$ 4,887 | \$ 1,162 | \$ 155,498 | \$ 2,785,854 |
| Interest receivable | 4,257 | 7 | 2 | 240 | 4,506 |
| Taxes receivable | 617,302 | - | - | - | 617,302 |
| Accounts receivable | 6,042 | - | - | - | 6,042 |
| Due from other governments | 405,351 | - | - | - | 405,351 |
| Total assets | \$ 3,657,259 | \$ 4,894 | \$ 1,164 | \$ 155,738 | \$ 3,819,055 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and other current liabilities | \$ 308,452 | \$ - | \$ - | \$ - | 308,452 |
| Unearned revenue | 14,262 | - | - | - | 14,262 |
| Deposits payable | 523 | - | - | - | 523 |
| Total liabilities | 323,237 | - | - | - | 323,237 |
| Fund Balances: | | | | | |
| Committed | 1,912,905 | 4,894 | 1,164 | 155,738 | 2,074,701 |
| Unassigned | 1,421,117 | - | - | - | 1,421,117 |
| Total fund balances | 3,334,022 | 4,894 | 1,164 | 155,738 | 3,495,818 |
| Total liabilities and fund balances | \$ 3,657,259 | \$ 4,894 | \$ 1,164 | \$ 155,738 | \$ 3,819,055 |

*The "Library Operating Funds" constitute sub-funds of the General Fund of the Santa Cruz Public Libraries Joint Powers Authority.

Santa Cruz Public Libraries
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Library Operating Funds*
For the year ended June 30, 2013

| | Library Operating Funds | | | | Total Library Operating Funds |
|---|--------------------------|-----------------------|-----------------------------|-------------------------------|--|
| | Library JPA Operating | Technology Reserve | Felton Branch Reserve | JPA Vehicle Replacement | |
| REVENUES: | | | | | |
| Sales and use tax | \$ 6,479,095 | \$ - | \$ - | \$ - | \$ 6,479,095 |
| Charges for services | 14,653 | - | - | - | 14,653 |
| Federal grants | 14,833 | - | - | - | 14,833 |
| State grants | 7,600 | - | - | - | 7,600 |
| Local grants | 18,875 | - | - | - | 18,875 |
| Maintenance of effort | 5,059,358 | - | - | - | 5,059,358 |
| Room rentals | 2,230 | - | - | - | 2,230 |
| Fines and forfeitures | 227,444 | - | - | - | 227,444 |
| Investment income | 17,320 | 19 | 5 | 815 | 18,159 |
| Contributions and donations | 43,235 | - | - | - | 43,235 |
| From private trusts | 75,190 | - | - | - | 75,190 |
| Other miscellaneous revenues | 19,233 | - | - | - | 19,233 |
| Total revenues | 11,979,066 | 19 | 5 | 815 | 11,979,905 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Personnel services | 7,351,345 | - | - | - | 7,351,345 |
| Services, supplies and other charges | 3,325,324 | - | - | - | 3,325,324 |
| Debt service: | | | | | |
| Principal | 85,453 | - | - | - | 85,453 |
| Interest | 15,517 | - | - | - | 15,517 |
| Total expenditures | 10,777,639 | - | - | - | 10,777,639 |
| REVENUES OVER (UNDER) EXPENDITURES | 1,201,427 | 19 | 5 | 815 | 1,202,266 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sale of surplus equipment | 1,439 | - | - | - | 1,439 |
| Transfers in | - | - | - | 80,666 | 80,666 |
| Transfers out | (80,666) | - | - | - | (80,666) |
| Total other financing sources (uses) | (79,227) | - | - | 80,666 | 1,439 |
| Net change in fund balances | 1,122,200 | 19 | 5 | 81,481 | 1,203,705 |
| FUND BALANCES: | | | | | |
| Beginning of year | 2,211,822 | 4,875 | 1,159 | 74,257 | 2,292,113 |
| End of year | \$ 3,334,022 | \$ 4,894 | \$ 1,164 | \$ 155,738 | \$ 3,495,818 |

*The "Library Operating Funds" constitute sub-funds of the General Fund of the Santa Cruz Public Libraries Joint Powers Authority.

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STAFF REPORT

DATE: January 22, 2014
TO: Library Joint Powers Board
FROM: Teresa Landers, Director of Libraries ^{TL}
RE: Mid- year budget requests

RECOMMENDATION: Approve resolution to amend the FY14 budget by \$192,000 as outlined in this report

SUMMARY

Several areas have been identified as needing additional funding during the current fiscal year. These are primarily in the areas of technology, service to patrons and the implementation of the facilities master plan.

BACKGROUND

The January projection by the County for the Library Financing Authority indicates the Santa Cruz Library can expect about \$245,000 in additional funding this year.

In order to accomplish the Polaris implementation on schedule, the Library Information Technology Division hired temporary help. This individual has assisted with the deployment of staff PCs and with backfilling duties for another staff member needed for Polaris implementation issues. There were a great deal of on-call expenses incurred during the demonstration week for the selection of a new ILS and we anticipate an equal or greater amount will be needed for staff training on Polaris.

The goal was to reach 90% self-check and our overall rates are 53%. Staff have identified several barriers to using self-check:

- Individuals think they have checked something out when they have not.
- Fines and fees cannot be paid at the self-check station
- Not having your library card with you

Frequently received complaints focus on our lack of a PC reservation and timing system. This is also a major source of friction between patrons and between staff and patrons. Printing is on the honor system and has been marginally effective.

Efficiency at the service desks has been hampered by not being able to accept credit card payment and antiquated cash registers instead of cash drawers that integrate with the ILS.

The Facilities Master Plan Steering Committee commissioned a poll in August 2013 to determine the level of community support for the library and a possible financial measure to accomplish the implementation of the plan. As the work on this implementation has been refined, it now appears necessary to conduct a second poll. .

DISCUSSION

1. The Library IT Department has been chronically understaffed and the arrival of a new Manager along with the Polaris implementation has made this even clearer. A request for permanent mitigation of understaffing in LIT is included in the FY15 budget priorities. For the remainder of this fiscal year, the continued deployment of an on-call Information Technology Specialist I, will be adequate to get through the Polaris implementation and its aftermath.

While the budget for temporary staff has been supporting this function, it is not sufficient to continue at the current rate of usage. Using temporary staff during the ILS selection process and during the upcoming Polaris training for all staff created/will create additional burdens on a budget intended to cover vacations and illnesses of regular staff. \$12,000 is requested to pay for the temporary LIT position from January through June 2014.

2. When self-check was implemented several years ago, it was done using existing equipment in order to keep the cost as low as possible. The software has not been upgraded since. There have also been significant improvements in functionality within the industry, with the advent of self-serve kiosks and improved self-check systems. Utilizing both self-serve kiosks as well as new self-checkout hardware and software will mitigate the problems identified above. For example: Self-serve kiosks will allow patrons to pay their fines/fees at the station using a credit card or cash. This will reduce the need for many patrons to seek staff assistance in our busiest branches, while new self-check machines (which are RFID compatible) will allow us to take advantage of this technology in the future.
3. We are also looking at an integrated system for PC reservation and timing as well print management. In order to accept credit card payment at the service desks (one of our most frequently requested services), we need to purchase equipment and software to integrate with the new Polaris system. These services can be paid for out of the current Information Technology budget including use of the \$70,000 savings for the Polaris software.
4. The only aspect of the technology upgrade (infrastructure, hardware and software) that cannot be covered by the current FY13/14 operational budget is the self-check upgrade. The cost of this upgrade is estimated to be \$160,000 for the purchase of 5 self-service kiosks that allow individuals to pay fines themselves (including by credit card) when they check out and 26 table top self-check units to

replace the current ones. Service desks at the smaller branches would be able to accept credit cards.

5. Lastly, about \$20,000 is needed for a second poll related to implementation of the Facilities Master Plan. A specific financial measure for the November 2014 ballot will be prepared once this poll is completed.

The total requested for the current fiscal year is \$192,000

- \$ 12,000 for additional temporary help for the LIT Division
- \$160,000 for the self-check upgrade
- \$ 20,000 for a poll related to the implementation of the Facilities Master Plan

STAFF REPORT

DATE: January 29, 2014
TO: Library Joint Powers Board
FROM: Teresa Landers, Director of Libraries
RE: FY15 Budget Priorities

RECOMMENDATION: Provide direction to the Library Director for the preparation of the FY15 budget

SUMMARY

The service model was reviewed and evaluated to determine the areas that are still most in need of adjustment. They form the focus for the budget priorities presented for FY15. Overall, operational costs will be maintained without any significant increases. About \$200,000 in structural costs is requested to remediate identified staffing deficiencies and \$145,000 in one-time costs is requested above the basic operational needs with \$100,000 of this for an increase in the budget for the purchase of materials in various formats.

BACKGROUND

The Community Service Model was approved by the LJPB in April 2011. In it, the following key features were identified:

- a. Branches and hours: 10 physical branches with hours to increase as finances allowed to a goal of 392 (currently at 359)
- b. Finances
 - A. A cash reserve of \$795,000 by FY15/16; with a goal of funding to 10% in following years
 - B. Cumulative fund balance growth to 5% of revenues by FY15/16
- c. Efficiencies & Technology
 - A. Operational efficiencies
 - Self-check
 - Consolidated service desks
 - Outsourced courier service
 - Floating collections
 - Process improvements in collection management services
 - B. Automated Materials Handling
 - C. Funding for routine technology replacement
 - D. Funding for technology innovations and upgrades
 - E. Technology to support remote reference
- d. Staffing

- A. maximum efficiency while maintaining flexibility
- B. assumes operational efficiencies have been implemented
- e. Services
 - A. Onsite services- basic information and readers' advisory
 - B. Virtual and web services
 - C. Reference and readers' advisory- all hours Downtown is open, half the hours Scotts Valley, Aptos and Live Oak are open. Remote or online access for all locations for all open hours and a 24x7 chat service
- f. Programs
 - A. Current level of programming maintained (as of 4/1/11)
 - B. Centralized team
 - C. Bookmobile service unchanged
 - D. Volunteers and partners to expand opportunities
- g. Volunteers
 - A. Sorting and shelving in the larger branches
 - B. Full time volunteer coordinator
- h. Materials
 - A. 8% of expenditures
 - B. Centralized selection team
- i. Capital
 - A. Funding for a Facilities Master Plan
 - B. Funds for routine capital maintenance and replacement
 - C. Separate funding for additional capital projects

The model concludes with a statement that “adjustments will be required as different aspects of the model are implemented, evaluated and improved.” It goes on to state, “Routine evaluation of the model will be performed to confirm that it is achieving expected results.” And concludes with, “Library staffing, structures and services will evolve over time as our communities change and as library services and technologies progress. This model sets the overall parameters for our library system to provide a framework within which change and improvements can be made.”

DISCUSSION

The budget priorities presented for FY14/15 reflect a review of the model and identifies where the Library has not yet achieved the desired results. This primarily involves staffing. Depending on the outcome of mid-year budget requests for FY13/14, technology; particularly the innovation and upgrade aspects, will have been achieved. If they are not approved then these would need to be presented as priorities for FY14/15. Since the full goal hours have not been achieved, the cost of attaining those hours is also included. It is unlikely there is sufficient room in the structural budget to accomplish both the goal hours and the service model adjustment. Recent discussions with the Finance Director, Marcus Pimentel, indicate that \$200,000 in structural cost increases is acceptable.

- I. **Hours-** A lengthy report was submitted to the Finance Subcommittee in December. An abbreviated version is presented here. Two options are presented based on the goal of 392 hours per week.
- A. Option #1 for increased hours: The original model assumed Aptos and Scotts Valley would be open 7 days per week and Live Oak 6 days per week (open Friday and Saturday but closed Sunday). **\$443,000**
 - B. Option #2 for increased hours- 392 hours but keeping Aptos and Scotts Valley at 6 days per week and Live Oak at 5 (open on Sunday). This was not the original assumption but given the high cost of Option #1, this one was developed as well. **\$320,000**

Please note that these options only include direct branch staff costs. They do not include any increased costs for janitorial services, utilities, and support staff in Administration or Information Technology.

Each branch was considered individually with aide hours calculated as one additional aide hour for every hour added (two for Downtown as per the original formula).

On call hours and costs were calculated as a ratio of current costs across the various classifications. On calls are used to cover absences due to vacation, illness, training, etc.

Where possible, hours were added to existing part time positions. In many locations, however, staff is already at 40 hours per week so the addition of just 3 hours per week to the schedule, necessitates a minimum addition of a .5 staff member. This is particularly noticeable when adding staffing to provide reference service. Some sharing between branches was calculated but cannot be applied to all situations.

It should also be noted that new and remodeled facilities will necessitate changes in hours system-wide to balance new patterns of demand while recognizing the need for open hours to be equitably distributed throughout the County. A recommended course of action would be to review the addition of hours once the future of the facilities plan is more known. For future planning, a draft of what *might* be needed could be provided any time.

II. **Efficiencies and Technology**

- A. **Self-check-** upgrade requested as part of mid-year budget requests
- B. **Consolidated service desks-** This has been functionally accomplished system wide except at the Downtown Library. (Changes to physical workflow has not happened anywhere yet and is waiting for the implementation of the Facilities Master Plan). At the Downtown Library, the plan is to combine the circulation and reference desks using existing furniture and equipment by the end of June 2014. This will free up

librarian time to allocate to Collection Management Services which has experienced a shortage as the materials budget has increased and the complicated nature of electronic resource management has taken more time to administer. In order to fully implement a consolidated service desk at the Downtown Library two staffing changes are needed:

- i. An Administrative Assistant II position that is vacant due to retirement would be eliminated. This would be replaced by the addition of a 1.0 Library Assistant II position who would handle all incoming calls. Telephone Reference was disbanded during the development of the service model. After the migration to Evergreen, it was determined that Telephone Reference was still needed. Unfortunately, the need for it to continue to exist did not get factored into the service model and staff have been scrambling ever since. This position would either answer the question (most questions received are circulation related or are basic reference or information) or pass it on to a librarian or information specialist, as appropriate and necessary. The net cost of this position is about \$4,500
 - ii. One desk closer to the front of the Downtown building, would require some supervision for the computer area at the back of the building where ultimately all printing would also occur. This could be accomplished most economically by employing a Library Aide to roam that area and help with basic computer and printing needs; referring reference questions to regular library staff. This is not included as a structural cost as it is a pilot to see if it works as planned. Estimated cost of 54 hours per week of Library Aide time is \$44,800.
- C. **Floating collections-** Partially implemented now and will be fully implemented with Polaris. No data available yet to measure efficiency achieved.
- D. **Process improvements in collection management service-** Shelf ready cataloging and processing has been implemented. Polaris will require more changes in CMS procedures. We should be able to measure effectiveness during this next year.
- E. **Automated Materials Handling-** was dependent on floating collections being implemented. Where it is advisable, will be part of facilities upgrades.
- F. **Funding for technology innovations and upgrades-** Included in mid-year budget requests. There are two additional areas of need in terms of technology based on the Technology Plan adopted by the LJPB in May

2013. The staffing in the LIT Division is inadequate and as technology advances, the gap is becoming even more evident. The new IT Manager has been able to analyze the staffing needs of the Department before the scheduled date of Fall 2014. While a thorough review of the positions in the LIT Division is needed in order to ensure that existing employees are appropriately classified and compensated, two recommendations are made for FY14/15:

- i. One of the IT Specialist II positions is responsible for overseeing the Library's network. To support her, there has been considerable funding in place for the hiring of consultants. The recommendation is to allocate \$10,000 for this individual to get thorough training in the areas of network administration she is dealing with and this should reduce the need to spend as much on outside consultants. The IT consulting budget will be reduced by \$10,000
- ii. As discussed in the mid-year budget request, there is a strong need for an additional staff member at the level of Information Technology Specialist I. This individual would be responsible for hardware maintenance and triaging Help Desk issues; handling those he can and passing specialized requests to other staff. This function is currently being shared by all LIT staff and creates an environment where staff is often interrupted and cannot function efficiently. Staff are not being utilized efficiently as they are working at tasks below their level of compensation. The cost of this position is \$63,500.

G. Technology to support remote reference- all reference staff now have iPads and implementation for full remote reference utilizing technology is still in the planning stages. Branches can call any time the Downtown Library is open and patrons can text-a-librarian or submit questions online.

- III. **Staffing-** Staffing needs are being discussed in the specific areas where needed.
- IV. **Services-** In the development of the service model there were several positions that were identified as needed but were given up in light of the more urgent need to provide more open hours. The idea was that we would try to get by with the reduced staff and review the success. There are two areas where this has proven to be unworkable; Volunteer Coordination and Onsite Services. The Volunteer situation is discussed in the Volunteer section.

The Manager of On-Site Services has 25 direct reports including branch staff, couriers and reference. An assistant is needed to take on the following responsibilities:

- a. System wide coordination of circulation related policies and procedures

- b. Supervision of discreet groups of staff- probably the couriers and 4-5 of the smaller to mid-sized branches. This would split the supervisory responsibilities in half.

We are not sure what the title or classification would be and would need to work with Human Resources to develop this but believe the qualifications would put it in the range of the current Library Assistant IV. The estimated annual cost is: \$59,000

V. Programs

A. **Current level of programming maintained-** In reality, the Programming staff has greatly exceeded the level of programming provided in April of 2011. They are working closely with the Volunteer Coordinator to engage volunteers as much as possible. However, three needs arise regardless of the level of volunteer usage:

- i. 20 hours per week Library Aide (\$16,600) to assist with behind the scenes preparation and assistance to programming staff
- ii. On-call Library Assistant II for Programming to cover when Librarians are unavailable to deliver programs due to vacation, illness, training, etc. (\$2,000)
- iii. The Programming staff travels a lot during the course of a day. There are currently two vehicles assigned to the Programming Division. One of these is approaching ten years and was originally scheduled to not be replaced when the time came. Given the level of usage, it is recommended that a replacement vehicle be scheduled and the vehicle replacement schedule be adjusted to account for the addition of a vehicle. There is currently adequate funding in the vehicle replacement fund to support a replacement of this vehicle in FY14/15. The cost of this vehicle is \$23-26,000.

B. **Bookmobile service unchanged-** There are two staff (1.725 FTE) handling this service. The only requested change is the addition of 3 hours per week to the 29 hour per week position. Currently this individual is on the Bookmobile for 29 hours per week and has no time “off desk” to check email and assist with office tasks. Staff throughout the system are guaranteed 5 hours per week to handle “off desk” tasks such as time sheets and email. Estimated cost: \$5,000

VI. **Volunteers:** While there is a full time Volunteer Coordinator, an assistant to this individual was one of the positions eliminated while developing the final service model. For the past three years we have been fortunate to have had two Americorps Volunteers. They are each paid \$10,000. The typical length of agency participation in this program is three years. The request is for a 30 hour per week assistant to the Volunteer Coordinator to replace the 80 hours per week of Americorps Volunteer time we are currently receiving. The cost of an assistant is about a \$14,300 increase over current.

- VII. **Materials:** The goal of 8% of the budget being spent on materials has been met. In FY13/14, the percentage is 8.9% (\$1.08 million). The LJPB has expressed interest in achieving a 12% percentage. With anticipated increases in revenues, it is recommended that the materials budget for FY14/15 be 9.5% of revenues or about \$1.18 million; an increase of about \$100,000. The amount available for the materials budget can vary annually which is why it is not listed as a structural increase.
- VIII. **Facilities:** While the future of the implementation of the Facilities Master Plan is still uncertain, the requests for capital maintenance projects will be limited to those projects that will need to be done no matter what direction is taken and which are considered seriously in need of attention now.

An additional request is for Temporary staff to cover while Kira Henifin, Management Analyst, is out for four months of maternity leave, July-October. One of the challenges in the new service model is that staffing is very lean and long absences cannot be covered without hiring temporary help. I recommend adding \$10,000 to the Temporary budget to cover the cost of a .5 Management Analyst I (Temporary) for 16 weeks.

The Library's Strategic Plan "expires" in 2015. Normally I would request funding in the FY14/15 budget for a consultant to assist with updating the plan. Given the possibility that major physical changes will happen beginning in 2015, I recommend we postpone updating the strategic plan until the facilities issue is more clearly defined.

SUMMARY OF BUDGET REQUESTS

| STRUCTURAL COSTS | COST | SAVINGS |
|--|------------------|-----------------|
| SAVINGS | | |
| Eliminate AAI | | \$45,500 |
| Americorps Volunteers | | \$20,000 |
| IT Consulting | | \$10,000 |
| STRUCTURAL SAVINGS | | \$75,000 |
| SERVICE MODEL STAFF ADJUSTMENTS | | |
| 1.0 LAII for Telephone Reference | \$ 49,900 | |
| 1.0 Onsite Services Assistant | \$ 58,600 | |
| Bookmobile Library Assistant additional 3 hours per week | \$ 5,000 | |
| Assistant to Volunteer Coordinator (LAII level) | \$ 34,300 | |
| Information Technology Specialist I | \$ 63,500 | |
| Library Aide DTN Computers (54 hpw) | \$ 44,800 | |
| Library Aide Programming (20 hpw) | \$ 16,600 | |
| LAII Programming (avg 2 hpw) | \$ 2,000 | |
| Service Model Adjustments | \$274,700 | |

| | | |
|----------------------------------|-----------------------------|--|
| Increased hours Option #1 | \$320,000 | |
| Increased Hours Option #2 | \$443,000 | |
| STRUCTURAL COSTS | \$274,700- \$717,700 | |
| NET STRUCTURAL INCREASE | \$199,700- \$642,700 | |

| | |
|--------------------------------------|------------------|
| ONE TIME INCREASED COSTS | |
| Temporary Management Analyst | \$ 10,000 |
| Network Administration Training | \$ 10,000 |
| Transit Connect Van/Wagon | \$ 25,000 |
| Materials Budget at 9.5% of revenues | \$100,000 |
| TOTAL ONE TIME COSTS | \$145,000 |

STAFF REPORT

DATE: January 28, 2014
TO: Library Joint Powers Board
FROM: Teresa Landers, Director of Libraries ~
THROUGH: Bruce McPherson
Jim Reed
Cynthia Mathews
Mike Termini
RE: Report on FMP Implementation and Related issues

RECOMMENDATION: Accept report and provide direction to Library Director

SUMMARY

The City County Administrators Committee (CCAC) has been meeting regularly and has made a report to the Facilities Master Plan Steering Committee (FMPSC). The FMPSC is, thereby, reporting to the LJPB as requested. This report covers the following charge given the FMPSC:

- Revise the JPA Agreement, including changes to the governing structure, business operations model, minimum service levels and financing
- Identify Project options- A variety of projects have been identified. Projects are based on primary library needs with enhancements should funds be available.
- Financing options- goal is to keep a parcel tax at a rate no higher than \$50 per residential parcel and to raise \$64 million.

BACKGROUND

At its October meeting, the LJPB charged the FMPSC to report on the following, based on recommendations from the City County Administrators Committee (CCAC).

1. **Work out the details involved in the renewal of the LJPA agreement:** The agreement expires in 2017 and must be renewed before requesting financing. Lenders are not willing to loan money unless they are assured the agency to which they are lending, will exist for the term of the loan.

As discussed below, several major revisions are considered necessary. The financing is part of a second agreement, the Library Financing Authority agreement, to which Watsonville is an additional party.

2. Refine the costs and options for individual facility projects and phasing:

Michael Zelter was hired to review the Facilities Master Plan and the identified costs. His recommendations are summarized here:

- A. Only maintenance costs were escalated. It is necessary to recognize the need for escalation for the renovations, additions, and new facilities at a recommended rate of about 6% per year. Given that interest on bond monies received could run about 1.5%; a figure of 4.5% has been discussed as a possible escalation factor.
- B. The roof survey indicated the need for roof replacement at later dates than did the FMP. However, the costs were presented in today's dollars and did not incorporate the need for the Library to abide by prevailing wage. Mr. Zelter thus recommended the adoption of the dates as presented in the roofing survey, but modified the costs. This resulted in costs very close to those identified in the plan. The plus side is that many of these costs will not need to be covered within this ten-year plan but will need to be factored into maintenance costs beyond the 10 year scope.
- C. Other than Aptos, the costs identified for the other branches were essentially substantiated and some reductions to the Aptos costs were noted.

Project options were thus re-analyzed based on Mr. Zelter's recommendation and using a 4.5% escalation factor.

3. Review financial options and recommend a possible structure for a revenue measure:

The services of NBS were engaged by staff to conduct a series of financial analyses based on information provided by the CCAC.

The CCAC met October-January. Also attending meetings were support staff: Teresa Landers, Library Director; Marcus Pimentel, City of Santa Cruz Finance Director; Nicole Coburn, County of Santa Cruz Senior Administrative Analyst and Emily Galli, Library System Services Manager. Additional City and County of Santa Cruz staff were consulted on specific issues, as were Bond Counsels, Chick Adams of Jones Hall and Bill Marticorena of Rutan & Tucker that represent the City and County of Santa Cruz respectively.

Various options for all issues were discussed, analyzed and vetted. As part of this process, the structures and agreements of other library districts in California were reviewed. These range from County Libraries to Independent Special District Libraries to JPA Libraries. There are 6 that operate as Joint Powers Authorities, including the Santa Cruz City/County System. The agreements governing the five other JPA libraries in the State of California were reviewed extensively with personal interviews conducted as necessary. The discussion section below represents our preliminary thinking on the issues raised:

DISCUSSION

1. Revision of the LJPA agreement:

A. Governance

Two structures for JPA governance are presented:

- A. Option 1: A governing body made up of the four jurisdictional administrators: the City Managers from Santa Cruz, Capitola and Scotts Valley and the County Administrator. This body would meet regularly, (at least quarterly, and probably, more often at first), to oversee the administration of the Library System. The Library Director would report directly to this group. Policies, budget, etc. would be the purview of this board. It would be a Brown Act body.

- B. Option 2: Option 1 would be fully implemented and, in addition, a policy governing board would also be established and would be comprised of appointed elected officials who would meet annually to approve the budget and establish strategic direction and annual goals for the library system. The Managing Board comprised of the four jurisdictional administrators, as described above, would still oversee operations and would be responsible for hiring the Library Director.

B. Community Participation

- a. There would be a library commission similar to the boards and commissions that each of the jurisdictions currently has for various functions such as Water, Transportation, Parks and Recreation. It would be comprised of members appointed by each of the jurisdictions with Santa Cruz appointing 3, Scotts Valley 1, Capitola 1 and the County 5. They could represent one per branch service area or, at

large, at the discretion of each jurisdiction. This committee would meet quarterly and would advise the Managing Board on all issues concerning the operations of the Library System. There was also discussion about assuring selected members represent specific segments of the community such as education, business, technology, etc. The specific segments could change over time as the need for a specific type of input is identified.

- b. The LJPB would no longer exist as currently constituted and would be eliminated.

C. Minimum Service Levels

There is concern by some of the Administrators that the current agreement does not allow each jurisdiction to understand what minimum number of open hours can be expected, which makes it difficult when talking to their respective governing councils about why participating in the JPA is a benefit.

There was concern expressed at the FMP Steering Committee about having any hours set in stone in the JPA Agreement since there is no idea how libraries will function in 15 or 20 years.

Seemingly acceptable, however, is the idea of establishing a goal of hours such as current hours or those set by the Community Service Model in April 2011 with minimum hours based on an across the board percent reduction from that goal. The CCAC will continue to work on this.

D. Financing

The current financing of the Joint Powers Authority is outlined in the Library Financing Authority Agreement and is referenced in the Library Joint Powers Authority Agreement. This includes two primary sources of funding: sales tax and maintenance of effort. Both these sources of revenue are collected countywide and the funds are administered by the County. It all goes into a Library Fund which is then distributed by a population based formula to SCPL and the City of Watsonville; roughly a 77%/23% split.

The sales tax is set at ¼% county wide. Maintenance of Effort is collected differently. For the Cities of Scotts Valley and Capitola and the unincorporated County it is collected via a dedicated property tax. The Cities of Watsonville and Santa Cruz pay an amount that was established in 1996, at the creation of the district and has not changed. For the City of Santa Cruz that

amount is \$1.3 million and for Watsonville \$551,000. The reason for this arrangement was apparently related to a past subsidy by the City for the operation of the District and the nuances of Proposition 13 regarding the allocation of property taxes.

It appears that prior to 1996, Santa Cruz and possibly Watsonville, contributed more per capita than the Library fund generated. As a result, the amount Santa Cruz and Watsonville contributed was fixed so that the rest of the County could “eventually catch up” based on increasing property taxes. Currently, it appears that the reverse might be true with growth in the Library Fund generating greater amounts per capita than the fixed amount of the two cities. There is also discussion about the role of sales tax generation in the equation. Should sales tax be allocated by situs or per capita? The current LFA Agreement distributes the funds per capita.

The CCAC is analyzing the financial information and is considering how to maintain equity as the various funding sources evolve in the future. Since the funding formula includes Watsonville, it is necessary to include Watsonville in the discussions about possible changes. Specific recommendations are not yet available.

- E. **Business services:** The services currently provided by the City of Santa Cruz to the Library District include: Human Resources, Financial Management including purchasing and payroll, Legal, and Supervision of the Library Director. Under the new JPA Agreement, the Library would contract for services with that entity which can provide the needed services most economically and effectively.

2. **Project options and costs**

The costs in the Facilities Master Plan were analyzed and, as indicated above, projects other than maintenance were escalated by 4.5%. There is ongoing discussion about two objectives: one is to ensure that each facility gets the necessary maintenance and improvements in order to create a true 21st Century Library System. There is also the objective of ensuring that each jurisdiction and, more specifically, each branch service area, is treated fairly in terms of financial commitment.

In looking at the financing (see below for details) we are attempting to keep the total cost at \$60-\$65 million. In order to accomplish this, it will be necessary to

complete the projects as expeditiously as possible in order to avoid costly escalation rates.

Options that have been discussed:

- a. Decide on a specific dollar amount per project (see below) and allocate those dollars to each jurisdiction.
- b. Each jurisdiction would be responsible for the renovations, remodels additions, and new buildings. There will be a requirement that each jurisdiction work closely with the Library Director to create facilities that meet Library standards, within available budget. This would require the Library to hire a Librarian to serve as the construction project liaison for approximately three years. A Librarian is needed in order to ensure the facility is built to function efficiently from a library perspective, and with the assumption that each jurisdiction would have a project manager for the actual construction. The Librarian position could be paid for out of the Library's operating budget.
- c. The goal would be to have projects completed by December 2016. If they are not, the jurisdictions would be responsible for any additional costs. There is an agreement that all the jurisdictions should share responsibility for the Central Library. In order for this ambitious date to be achievable, it may be necessary to begin planning for some of the projects in Spring 2014, prior to a financial measure passing.
- d. The following projects include the 10 year maintenance costs for each facility; as well as the renovation/remodel costs. In many branches, the renovation/remodeling/new projects resulted in a reduction/elimination of all or some of the 10 year maintenance costs and this has been factored into the estimates. These costs are still preliminary. The total exceeds our projected target for a tax measure and are not yet recommendations. The administrators are still reviewing the projects and their costs.

| BRANCH | PROJECT | PRELIMINARY ESTIMATED COST INCLUDING 10 YEAR MAINTENANCE |
|----------------|--|--|
| Aptos | Addition to 11,000 sq ft | \$8.25 million |
| Boulder Creek | Basic Renovation | \$1.64 million |
| Branciforte | Basic Renovation | \$1.58 million |
| Capitola | New 12,000 sq ft | \$11.4 million |
| Downtown | Extensive renovation of current building (gut and remodel) | \$26.9 million |
| Felton | New 9,000 sq ft | \$9.37 million |
| Garfield Park | Basic renovation | \$292,000 |
| La Selva Beach | Basic renovation | \$510,000 |
| Live Oak | Ancillary facilities* | \$7.9 million- \$10.9 million |
| Scotts Valley | Expansion into other 1/3** | \$5.8 million |
| TOTAL | | \$73.6- 75.6 million |

*Live Oak: Includes two ancillary library related facilities. They are Soquel Farm (cost is not confirmed) and the Boys and Girls Club currently under construction. Each includes a community room and self-service library for holds pick up and materials “vending”. Could possibly involve a flex space for other priority activities. The cost range is provided as there are still several options under consideration.

** Scotts Valley: Includes expansion into the 1/3 of the building currently unoccupied. Potential uses are a dedicated community room, a makers’ space, and relief for overcrowded spaces in the current building. Currently, 75-100 middle schoolers use the library after school. The City of Scotts Valley is going to discuss whether an expanded library is the preferred use is for this space.

- e. The LJPB recently heard a concept proposal to co-locate a new Downtown Library at the planned new Pacific Station. The FMP Steering Committee

and other Board members have requested that the LJPB pass a motion to recommend this option no longer be considered.

3. Financing Options:

Three financing options are possible:

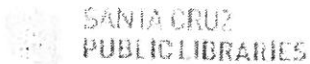
- a. Increased sales tax- would need to be levied county wide and has not been considered a realistic option
- b. General Obligation Bond- would need to be levied county wide unless a community facilities district were created. Then each jurisdiction within the district would need to pass the measure by 66%. If any one individually did not, then it is unclear what would happen to the facilities in the jurisdiction where it did not pass. Another challenge with this option is that furniture, furnishings and equipment cannot be purchased with GO bond funds so other sources of funding would need to be found for those items. This would reduce the cost of the measure which would be helpful. As mentioned above, we are scheduling time with Watsonville to discuss financing issues.
- c. Parcel Tax- This would also require the creation of a community facilities district that matches the service area of the library. The design of the parcel tax can be based on anything other than assessed value. Preliminary analysis indicates that a bond of \$63 million would require a single family residential rate of \$49.13 per parcel for 30 years. Polling will need to be done to ascertain the viability of this option or one similar to it.

The next steps are:

- i. Finalize the projects and total cost. Based on the final cost, the parcel tax numbers can be further refined with a goal to keep the cost for residential homeowners at around \$50 per parcel
- ii. Conduct a poll to validate level of support. (An additional appropriation from library funds is needed to conduct this poll and has been requested in the mid-year budget request)
- iii. Prepare a ballot measure
- iv. Get jurisdictional approval for the ballot measure
- v. Finalize elements in the JPA revision.
- vi. Prepare the revised JPA agreement and get jurisdictional approval.
- vii. Begin planning for certain projects in order to meet the 2016 goals for completion.

Action requested:

- i. Direction regarding the changes in the JPA Agreement
- ii. A motion regarding the Pacific Station Project
- iii. Direction on the selection of project options.
- iv. General direction on the steps as identified above



LSCC - Local Government Day - Thank You

David Vincent <lscddirector@gmail.com>
To: Teresa Landers <landerst@santacruzpl.org>

Wed, Jan 15, 2014 at 10:02 AM

Good Morning Teresa -

I was great seeing you this past Friday.

I want to thank you for taking the time to meet with Class 29. I realize that you have a lot on your plate so I really appreciate your taking the time to do this. I think that it is important for the leaders in our community to meet decision makers like you. The Scotts Valley is such a wonderful facility and many in the class had not been there before. To get a tour with the Library Director makes the experience that much better.

Please extend my thanks to Linda and all the staff and volunteers who put up with us! It turned out to be a great day.

Thank you so much!

--
Dave Vincent, Executive Director
Leadership Santa Cruz County



lscddirector@gmail.com

SANTA CRUZ
PUBLIC LIBRARIES

Relocating downtown library to Metro

Relocating downtown library to Metro

Wed, Jan 22, 2014 at 7:21 AM

To: director library <landerst@santacruzpl.org>

Cc: "lrobinson@cityofsantacruz.com" <lrobinson@cityofsantacruz.com>, "dtterrazas@cityofsantacruz.com" <dtterrazas@cityofsantacruz.com>, "cmathews@cityofsantacruz.com" <cmathews@cityofsantacruz.com>

Dear Ms. Landers:

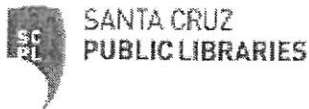
Somehow, Metro administration is under the impression that the public is for this move. This is hardly the case. Please inform them of this. The location would not be ideal: in the heart of violence and criminal activity, minimal available parking, noisy and polluted surroundings, difficult for the handicapped.

My vote is NO for this proposed move.

Louis DeLucia

SCPL INCIDENT LOG (Print 27th to 26th for LJPB Packet)

| Date M/D/YR | B r a n c h | Time HH:MM | Brief Description | Staff Involved | Steps Taken | Safety-Preventative Steps | 1st Alarm Roving Guard Cld. | 911 Cld. | CMT Cld. | Bld.Mnt c. Cld. |
|----------------|----------------------------|---------------|--|--|--|---------------------------------|---|-------------|-------------|-----------------------|
| 12/31/13 | SV | 11:30am | Mural vandalized with graffiti | Austin Frey, Linda Gault 2014 | Graffiti photographed - Police Case No. is 13v- 01631 | NA | No | Yes | No | No |
| 1/7/14 | DTN | 10:05 | Male patron threatening female patron (Ms. Zeiser). Photo pending. | John Ottenberg | Male patron continued confrontational behavior after warning - ejected for the day. | NA | Yes | No | No | No |
| 1/9/14 | B40 | 8:40am | 3 male patrons smoking from a pipe near the staff entereazn | Kevin Hildreth | The 3 men were asked to leave | NA | No | Yes | No | |
| 1/9/14 | BC | 7:20pm | Female found sleeping in a sleeping bag (after dark) | Kari Gunn | Since it was dark the staff member did not engage in conversation with the person and ended up calling the PIC and Director. The police did not show up. | NA | No | Yes | No | No |
| 1/10/14 | DTN | 12:30pm | A male internet user squeezed a dog into his backpack and then threw it on the floor to suppress the dog's barking. | Julie Richardson, Hui- Lan Titangos, Trevor Lowes (Security) | A female patron chased the male patron away and security attempted to survive the man. | NA | Yes | No | No | No |
| 1/17/14 | FTN | 9:30am | Unknown person defecated by the patio | Jason McCluskey | | | No | No | No | No |
| 1/17/14 | DTN | 3:18pm | Patron did not check out items and grew agitated when reminded | David Sidle | David assisted her | NA | No | No | No | No |
| 1/20/14 | LO | 9:15am | Debris and graffiti found on the front porch area on the lower patio | Patty Carroll | Staff cleaned up debris and work order placed to clean graffiti | NA | No | No | No | Yes |
| 1/20/14 | FTN | 5:30pm | Someone moved the picnic table from the main garden area to the side of the building | Jason McCluskey | The table was moved back by staff | Bolt the table to the ground | No | No | No | No |



Website Statistics for January 2014

Ann Young <younga@santacruzpl.org>

Mon, Feb 3, 2014 at 4:14 PM

To: Teresa Landers <landerst@santacruzpl.org>, Kira Henifin <henifink@santacruzpl.org>

Cc: Diane Cowen <cowend@santacruzpl.org>

Here is a breakdown for January:

Total visits: 110,571 (SCPL website: 72,004; SCPL Catalog: 38,567)

Total pageviews: 484,774 (SCPL website: 152,852; SCPL Catalog: 331,922)

The top content sources for the above pageview statistics are:

SCPL Catalog - 331,922 pageviews

SCPL homepage - 59,770 pageviews

Branch pages - 13,643 pageviews

Local history articles - 11,116 pageviews

Internet Resources (links to subscription databases) - 10,186 pageviews

Community Information Database - 9,052 pageviews

Kids page - 8,761 pageviews

Local history photo gallery - 8,143 pageviews

Ematerials (links to ebook, eaudio vendors) - 4,632 pageviews

Library services - 4,336 pageviews

Evergreen FAQ/Tutorials - 2,822 pageviews

Teens page - 2,390 pageviews

Newspaper Clipping Index - 2,321 pageviews

Events calendar - 2,308 pageviews

Reader's Link (Staff pick book reviews, etc.) - 1,754 pageviews

Local News Index - 1,510 pageviews

What's New - 1,401 pageviews

Site search - 1,238 pageviews

Contact Us - 1,074 pageviews

Library Admin pages (LJPB agendas, audio files, etc.) - 904 pageviews

Periodical Index - 652 pageviews

Sheet Music Database - 536 pageviews

SC Endangered Species - 492 pageviews

Did You Know? (Answers to commonly asked reference questions) - 445 pageviews

Fifty Plus - 424 pageviews

Books & Buses: Santa Cruz, Metro look at relocating downtown library inside Pacific Station project

By J.M. Brown Santa Cruz Sentinel Santa Cruz Sentinel

Posted: 1/9/14

SantaCruzSentinel.com

SANTA CRUZ -- City and Metro officials will make a presentation to library leaders Monday about the possibility of relocating the downtown branch within the Pacific Station transit center.

Katherine Donovan, a manager in the Economic Development Department, stressed the idea of building a new branch within the bus depot project is just a preliminary concept. But it's one full of potential to address downtown revitalization goals while offering the city-county library system a cost-effective opportunity to replace its aging, largest branch, she said.

"The downtown library needs some major work, and this would be a good fit," Donovan said.

The idea surfaced in recent months while the city and transportation agency were soliciting suggestions for uses and amenities that might accompany a new downtown station. The project's planners also are looking at residential and commercial uses at the Pacific Avenue facility, which like BART stations in the Bay Area, could attract new housing and businesses for commuters.

"The big thing right now is transit-oriented development," Donovan said. "This makes the library so much more accessible to people."

Library Director Teresa Landers said there are pros and cons to locating the branch on the second floor of the transit project. The branch at 224 Church St. is six blocks from the Metro station at Pacific Avenue and Maple Street.

The library's 10-year facilities plan -- put together by South San Francisco-based Group4 Architecture, Research + Planning, the same firm working on the Pacific Station project -- calls for renovating the 1968 branch at an estimated cost of \$31 million or replacing it for \$47 million. The cost of co-locating with the Metro station are not known, but Landers estimated it would be less than a rebuild on Church Street because there would be shared infrastructure.

The bus station project also offers room to build a facility larger than the current 44,000 square feet and create space for administrative offices, which are housed now in a separate city-owned building adjacent to the branch. Pacific Station also would feature dedicated library parking, whereas a small free lot or paid street and garage parking are the current options for motorists.

CONCERNS EXIST

"I think we could create a really incredible facility, and the synergy it could create for that area of town will address the city's desire to push urban renewal into Lower Pacific,"

WHEN: 6:45 p.m. Monday.

WHERE: Downtown Branch, 224 Church St., second floor meeting room.

INFORMATION: www.santacruzpl.org

Local craftsmen breathe new life into windows at Santa Cruz's Garfield Park Library

By CYNTHIA MCKELVEY Santa Cruz Sentinel Santa Cruz Sentinel

Posted: 1/18/14

SantaCruzSentinel.com

SANTA CRUZ -- The Garfield Park Library closed this week for repairs to its windows.

To maintain the architectural style of the 100-year-old stucco building at 705 Woodrow Ave., the library has hired local craftsmen that specialize in historical restoration and replicas to replace the old windows.

"We picked some key projects for this year," Teresa Landers, the library director, said. She said that the windows were leaking and badly in need of repair. "Because Garfield Park is a historical building, repairs have to be done according to historical standards," she said. Garfield Park funded the project through its own operations budget.

Repairing the old windows is very labor-intensive, according to David Lundberg, owner of Davenport Mill, the company that is making the new windows. Davenport Mill specializes in making historical replicas of windows and doors using a collection of machinery originating from 1920 to present day. Lundberg said not many people choose to specialize in restoration. "It's kind of a dying art," he said.

Lundberg said he found the project was particularly challenging because his group is leaving the frames in place, which requires precise measurements to fit the replicas of the glass and the sash -- the wooden part of the window that holds the glass in place.

Though the design and construction of the windows will be in the original Classical Revival style, the windows are getting some modern-day upgrades. Instead of redwood, which is expensive and difficult to find, the sashes will be crafted from weather-resistant red cedar, Lundberg said. The windows will contain safety glass, the same shatter-proof glass used in car windows. The glass also filters the ultraviolet light that damages books.

The exterior color of the windows will remain the same shade of forest green and will be stripped and re-painted by Finishing Touch, a restoration and refinishing company in Scotts Valley. Don Blanchard, the company's owner, said he had to find the records from the last remodeling in 2002 to match the color.

Garfield Park Library is one of four Carnegie libraries in Santa Cruz. From 1903 to 1921, Scottish American philanthropist Andrew Carnegie granted Santa Cruz \$20,000 to construct the main library downtown, and 3,000 for each of the three additional branches.

Architect William H. Weeks designed all the Santa Cruz Carnegie libraries as well as several other buildings in the city. The construction on Weeks' design began in November 1914. The building opened to the public in July 1915.

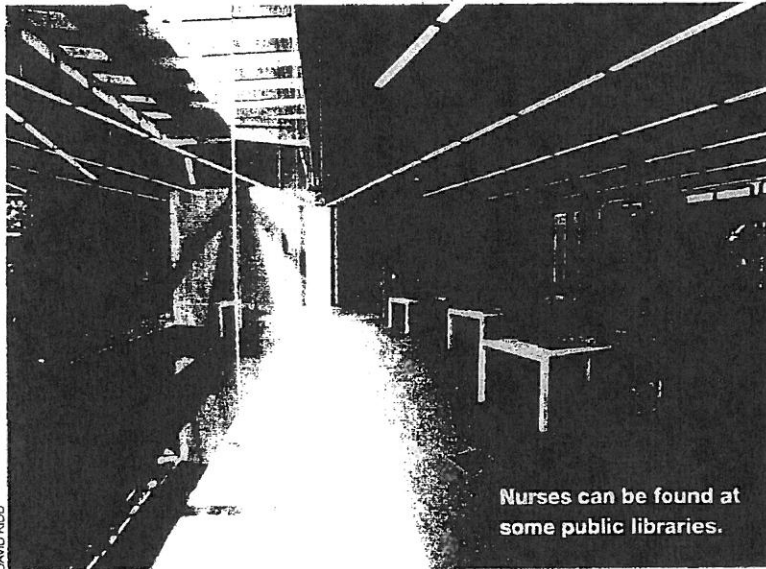
The Garfield Park Library is scheduled to reopen at 10 a.m. Monday.

By David Levine

Check-Outs and Check-Ups

Health care comes to public libraries.

Despite years of cutbacks in staff, hours and financial support, the nation's 8,951 public libraries remain, for many communities, an important social center. More than just lending books and DVDs, libraries offer all kinds of programs on important issues, not the least of which is health. It's hard to find a library that doesn't offer some kind of wellness class. But it is rare to find a library system that offers actual health care.



DAVID KIDD

Nurses can be found at some public libraries.

Libraries have hired child psychologists, social workers and language teachers. But only one public library system is known to employ a full-time nurse: the 27-branch Pima County, Ariz., Public Library. Nurses from the county's Department of Health take turns working with library management and security personnel to assist customers with social, behavioral, physical and emotional problems, as well as performing health screenings and occasional immunization clinics.

"This has been a tremendous collaboration between the library and the health department," says Amber D. Mathewson, library service manager. "Public health nurses have direct contact with individuals who might not know about their services. Having nurses regularly visit libraries has helped to de-escalate incidences with individuals who are mentally ill and need to connect with services, and has helped individuals make connections that might have ended up in 911 calls."

Like Pima County, the Queens, N.Y., library system, which is one of the largest in the country with 62 locations, has an onsite

health-care program. It partnered with the Joseph P. Addabbo Family Health Center, the Albert Einstein College of Medicine, and other health and community organizations to offer a program called Queens ConnectCare at eight libraries in the neighborhoods of Rockaway and Jamaica. Both these neighborhoods are government-designated health professional shortage areas. The program offers free health screenings for conditions like high blood pressure and blood sugar, and helps those who need it to make an appointment with an Addabbo physician.

Queens ConnectCare is about two years old, says Savitri Seupersad, the program's health outreach specialist, and it's funded by a grant from the New York State Health Foundation. Usually a class—say, Zumba fitness or healthy cooking—is scheduled to draw people in, and those who attend can get screened at the same time. "Screenings are the foundation of the program," says Seupersad. "As far as we know, we are the only library in the country to offer them like this." She says that there is at least one program offered almost every day at one or more of the library branches.

Much of the participating population is uninsured, and a significant number are undocumented, so they are unfamiliar with the health-care system. "We explain the process to them," she says. "A lot of our customers are concerned about the cost, and Addabbo has a sliding fee scale so people are billed based on their income. It's a good

way for undocumented people to receive care."

Seupersad, who has a master's degree in public health from Hunter College, was initially surprised at the program's success. "I don't live in Queens, so I didn't know how heavily used the libraries are here," she says. "We can get 50 people at an exercise class. That's huge." But the high turnout for the programs was not a surprise to Susan Benton, president and CEO of the Urban Libraries Council. Libraries rank high on the list of government agencies people trust, she says. "Libraries are incredibly flexible and innovative in meeting the needs of the community they serve," Benton explains.

Albert Einstein College is analyzing the data out of Queens to determine whether wellness classes themselves have an impact on enrollment into primary care. Seupersad, for one, is already convinced that these programs have value. "[There] was more need than I realized when I started, and I think we are succeeding." **G**

Email levkern@nycap.rr.com

Two-Thirds of Kids Now Reading Digitally, New Study Shows

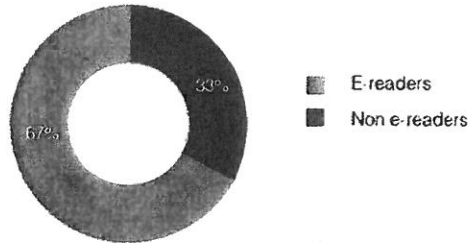
January 13, 2014 | Jeremy Greenfield | 17

When it comes to digital reading, kids are way ahead of adults. According to a new study from children's entertainment research and consulting group PlayCollective and Digital Book World, 67% of U.S. children aged two-to-thirteen are now reading ebooks. That's up from 54%, the number recorded in a similar study from last year.

"In the last year, based on this research, the kids e-reading and reached and passed a tipping point," said Paul Levine, co-CEO of PlayCollective. "This is becoming a normal part of their lives and becoming

Fig. 1 Frequency of E-Reading

Does your child read ebooks?

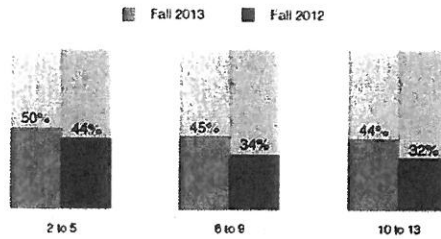


habitual."

Some 92% of the kids who do read ebooks read them at least once a week, with many of them reading

Fig. 3 Frequency of Reading Ebooks by Age

How many children use e-readers at least once a day?



ebooks every day.

The study is based on a survey of nearly 900 parents with children conducted online in October 2013. PlayCollective attributes much of the increase in e-reading over the past year to increased digital reading in schools, citing that the gains "may be due to the increase in schools purchasing tablets for students, meaning more children this year are likely completing their school reading assignments digitally."

The full study, including data on how parents buy ebooks for their children, how much they spend, and more is available here. "Now the data is clearly showing that there is really a market there," said Levine. "Parents see the value in ebooks and are willing to pay for them. The market is ripe for innovation so it's really important for publishers to digest the information in this report."

Many of the results of the study were presented at Launch Kids at Digital Book World in New York.

Libraries Reach 102 Million Digital Checkouts During Record-Breaking 2013

CLEVELAND, OH—January 14, 2014—OverDrive announced today that 2013 was a banner year for libraries and schools with record numbers in digital engagement. Available eBook and audiobook titles, website visitors, eBook discovery and digital checkouts all increased substantially over 2012. A surge in mobile device usage highlights the demand for on-the-go access, with more than half of all digital checkouts coming from mobile platforms.

The trend in digital reading continues to grow rapidly. Readers borrowed more than 102 million digital titles across the OverDrive network in 2013, up 44% over 2012. For comparison, it took 10 years to reach the first 100 million digital checkouts from 2003-2012, and the next 100 million was surpassed within one year. Other major milestones in 2013 include:

- A 46% increase over 2012 in eBook checkouts (79 million)
- A 37% increase over 2012 in audiobook checkouts (22.9 million)
- A 147% increase over 2012 in mobile checkouts (49.5 million)
- More than 4.3 billion page views on OverDrive-powered library and school websites
- Mobile platforms now account for nearly 1/2 of all checkouts and 2/3 of all traffic
- Six of OverDrive's standalone libraries facilitated more than one million digital checkouts from their individual collections
- Library and school websites had 193 million visits to their OverDrive digital catalog, a 107% increase over 2012
- Discoverability increased to 1.8 billion in 2013, up from over 1 billion cover image impressions in 2012, giving readers countless options for "what to read next"

"This past year was a breakthrough year for OverDrive," said Shannon Lichty, Director of Partner Services at OverDrive. "Through innovation and exemplary partner performance, digital reading is now more accessible and more prolific than ever. We are looking forward to additional enhancements in 2014 to create the ultimate streamlined experience and enhanced interactivity for users."

Technology and support for enhanced eBooks will roll out in 2014, including features such as synched audio and text, fixed layouts, interactivity and multimedia. Demonstrations of these innovations will take place at the OverDrive booth at Digital Book World this week in New York City, as well as at ALA Midwinter in Philadelphia January 24-28.

OverDrive released several new products, services and features to help libraries and schools increase digital circulation in 2013. The launches of OverDrive Media Station, Circulation APIs and multilingual website support helps to introduce readers to the digital catalog and easily navigate the library's website. In addition, children can now safely explore libraries' digital catalogs through the new eReading Room, a dedicated segment of a library's website free of mature content. Also in 2013, OverDrive announced the availability of its new Netflix-like Streaming Video service with widespread compatibility and instant viewing of thousands of digital video titles.

Further enhancing the user experience, OverDrive increased its catalog to 1.8 million digital titles from more than 5,000 publishers, including all of the major publishers such as Penguin, Random House, Hachette, Simon & Schuster, HarperCollins, McGraw-Hill, Macmillan and many more. Libraries and schools can now purchase licenses for eBooks and audiobooks from an additional 250 publishers added in 2013. Titles come in a multitude of formats compatible with any major device, including iPhone®, iPad®, Nook®, Android™ phones and tablets, and Kindle® (U.S. only).

Based on various statistics including downloads, sales, holds, samples, ratings and page views, top titles in OverDrive's collection for 2013 included *Inferno* by Dan Brown, *The Cuckoo's Calling* by Robert Galbraith (J.K. Rowling), *The Aviator's Wife* by Melanie Benjamin, *Fast Forward* by Juliet Madison, *Allegiant* by Veronica Roth, and *The House of Hades* (audiobook) by Rick Riordan.

OverDrive has been named to the EContent 100 list as a company that matters most in the digital content industry for 2013, its fifth year in a row to earn that honor. OverDrive Media Console was named one of *PC Magazine's* 100 Best Android Apps of 2013, and one of TechRadar's Best Free Android Apps of 2014. Now partnering with more than 28,000 libraries and schools in 42 countries, including 90 percent of the U.S. public libraries, OverDrive is the largest distributor of eBooks and audiobooks for lending platforms worldwide.

About OverDrive

OverDrive is a leading multichannel digital distributor of eBooks, digital audiobooks, music and video. We supply a secure lending platform for 28,000 libraries, schools and retailers worldwide with support for all major computers and devices, including iPhone®, iPad®, Nook®, Android™ phones and tablets, and Kindle® (U.S. only). Recent enhancements to OverDrive's platform include multilingual user interface support, in-library touchscreen services for browsing and instant sampling of eBooks or audiobooks, and OverDrive Read, the company's EPUB and HTML5 browser-based reading experience.

Founded in 1986, OverDrive is based in Cleveland. www.overdrive.com.



County of Santa Cruz

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COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 95060-4073

(831) 454-2100 FAX: (831) 454-3420 TDD: (831) 454-2123

SUSAN MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

January 8, 2014

AGENDA: January 13, 2014

BOARD OF DIRECTORS
Library Financing Authority
224 Church Street
Santa Cruz, California 95060

PRELIMINARY REVENUE ESTIMATE FOR 2014-15 AND REVISED ESTIMATE FOR 2013-14

Dear Members of the Board:

Section 4.2 of the Library Financing Authority Agreement provides that in January of each year the County Administrative Office shall provide the Authority's Board with a report including an estimate of the funds available to the Authority for the upcoming fiscal year. Section 4.2 also provides that based on the report of funds available, the Board shall make a determination for the upcoming fiscal year of the proposed amount to be distributed to qualified public libraries.

The final distribution amount for the upcoming fiscal year is then determined in June following the issuance of updated population numbers by the State and based on the latest estimates for Sales Tax and Property Tax growth.

Revenue Estimates

The table that follows shows:

- ✓ The Budget Amount Approved for 2013-14;
- ✓ The Revised Estimated Actual Amount for 2013-14 and the variance from the Approved Budget;
- ✓ The Preliminary Estimate for 2014-15 and the difference from the 2013-14 Budget; and
- ✓ The Distribution Detail for the qualified public libraries.

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Library Finance Authority - January 2014 Estimates

| (1) Item | (2) Population %** | 2013-14 | | | 2014-15 | |
|-------------------------------|--------------------------|---------------------------|----------------------------|-----------------|----------------------------|--|
| | | (3) Approved Budget | (4) January Estimate | (5) Variance | (6) January Estimate | (7) Difference from Prior Year Budget |
| Measure R (Sales Tax)* | | \$8,327,541 | \$8,660,152 | \$332,611 | \$8,660,152 | \$332,611 |
| Maintenance of Effort | | | | | | |
| City of Santa Cruz | | 1,394,751 | 1,394,751 | 0 | 1,394,751 | 0 |
| City of Watsonville | | 541,684 | 541,684 | 0 | 541,684 | 0 |
| County Library Fund | | 4,662,334 | 4,645,844 | (16,490) | 4,737,502 | 75,168 |
| Subtotal | | 6,598,769 | 6,582,279 | (16,490) | 6,673,937 | 75,168 |
| Interest Earnings | | 2,618 | 2,446 | (172) | 2,446 | (172) |
| Total | | \$14,928,928 | \$15,244,877 | \$315,949 | \$15,336,535 | \$407,607 |
| Distribution Detail | | | | | | |
| Measure R (Sales Tax) | | | | | | |
| Watsonville Library | 22.49% | \$1,872,864 | \$1,947,668 | \$74,804 | \$1,947,668 | \$74,804 |
| Santa Cruz Library System | 77.51% | 6,454,677 | 6,712,484 | 257,807 | 6,712,484 | 257,807 |
| Total | 100.00% | \$8,327,541 | \$8,660,152 | \$332,611 | \$8,660,152 | \$332,611 |
| Maintenance of Effort | | | | | | |
| Watsonville Library | 22.49% | \$1,484,063 | \$1,480,355 | (\$3,709) | \$1,500,968 | \$16,905 |
| Santa Cruz Library System | 77.51% | 5,114,706 | 5,101,924 | (12,781) | 5,172,968 | 58,262 |
| Total | 100.00% | \$6,598,769 | \$6,582,279 | (\$16,490) | \$6,673,937 | \$75,168 |
| Interest Earnings | | | | | | |
| Watsonville Library | 22.49% | \$589 | \$550 | (\$39) | \$550 | (\$39) |
| Santa Cruz Library System | 77.51% | 2,029 | 1,896 | (133) | 1,896 | (133) |
| Total | 100.00% | \$2,618 | \$2,446 | (\$172) | \$2,446 | (\$172) |
| Grand Total | | | | | | |
| Watsonville Library | 22.49% | \$3,357,516 | \$3,428,573 | \$71,057 | \$3,449,187 | \$91,671 |
| Santa Cruz Library System | 77.51% | 11,571,412 | 11,816,304 | 244,892 | 11,887,348 | 315,936 |
| Total | 100.00% | \$14,928,928 | \$15,244,877 | \$315,949 | \$15,336,535 | \$407,607 |

* Net of the \$3,500 required for the annual audit which was authorized by the Library Sales Tax ballot measure and the State Board of Equalization's Administrative Cost Assessment

** Based on California Department of Finance E-1 Population Estimates for January 1, 2013 as released May 1, 2013

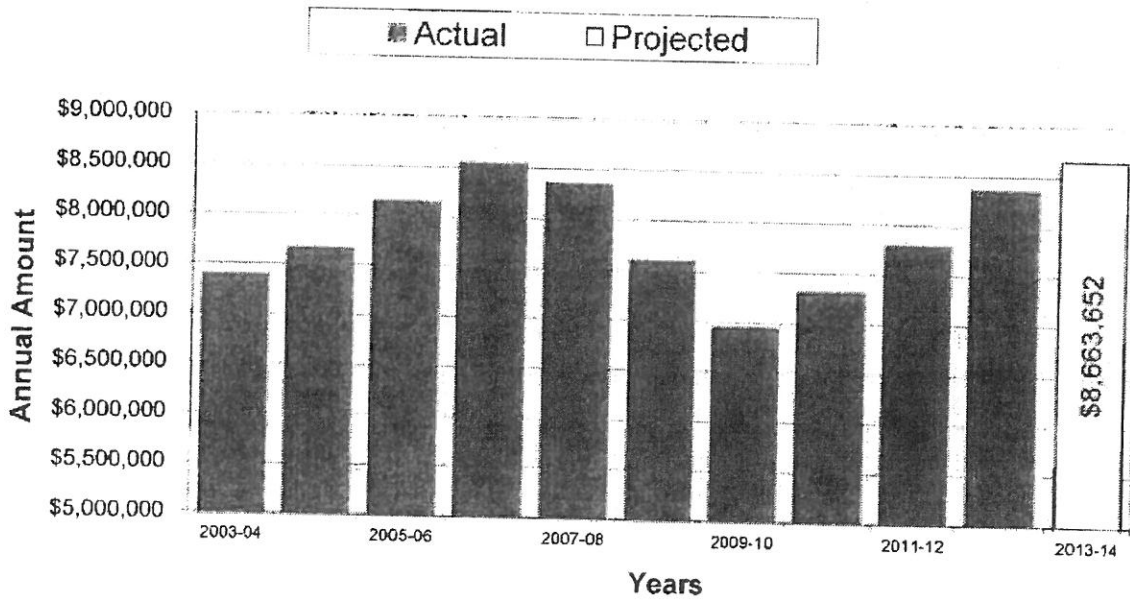
Revised 2013-14 Estimate

As a result of the revised estimate for 2013-14 (Column 4), we anticipate that the total revenues available to the Library Financing Authority for distribution in 2013-14 from (1) Maintenance of Effort Contributions; (2) Measure R Sales Tax; and (3) Interest Earnings, will be \$315,949 greater than the budgeted amounts approved in June 2013.

✓ **Revised Sales Tax Revenue**

The revised sales tax estimate for 2013-14 is \$332,611 greater than the approved budget. The revised estimate is based on actual sales tax receipts for the first two quarters of 2013-14 and prior year actual receipts for the third and fourth quarters. Attachment 1 provides a history for the library sales tax receipts. The following chart shows a history of actual annual receipts and a projection for 2013-14.

Library Sales Tax Revenue - Actual and Projected Receipts



✓ **Revised Maintenance of Effort**

The Maintenance of Effort (MOE) payments for the cities of Santa Cruz and Watsonville are fixed amounts. The County Library Fund payment is a function of property tax receipts for the Library Fund. The 2013-14 County Library Fund estimate is slightly below the June 2013 estimate. As a result of a reduction in property tax values, the County Library Fund experienced a property tax revenue shortfall of \$17,150 in 2012-13. At the same time, as a result of new information, the Library Fund's share of property and liability insurance decreased by \$660 in 2013-14. The 2012-13 shortfall and revised 2013-14 insurance expense result in a 2013-14 County Library Fund MOE contribution of \$4,645,844, a reduction of \$16,490.

✓ **Revised Interest Earnings**

We anticipate that 2013-14 interest earnings for the Library Financing Authority will be \$172 less than the budgeted amount approved in June 2013.

The Preliminary 2014-15 Estimate

The preliminary estimate for 2014-15 (Column 6) is that the total revenues available to the Library Financing Authority will be \$407,607 greater than the budgeted amount for 2013-14.

The sales tax component of the 2014-15 preliminary estimate is based on actual sales tax receipts for the first two quarters of 2013-14 and prior year actual receipts for the third and fourth quarters.

The property tax component of the 2014-15 revenue estimate assumes a 2.0% increase in the secured property tax revenue available to the County Library Fund. This includes assessed value growth related to the State Consumer Price Index (CPI) and Proposition 8 restorations as the market recovers. The 2014-15 County Library Fund MOE contribution is \$75,168 greater than the 2013-14 Approved Budget.

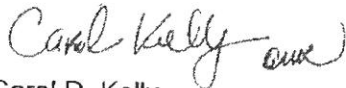
Updates

In accordance with your Board's direction, this office provides an update at the end of each quarter to the members of the Authority and to the libraries and the cities. When actual sales tax revenues for the third quarter of the current fiscal year are known in April 2014, we will provide the next update. We will continue to work with the County Assessor to refine the property tax estimate at that time.

Recommendation

At this time it is RECOMMENDED that your Board approve the amounts in the table on page 2 of this letter as the Revised Revenue Estimate for 2013-14 and the Preliminary Revenue Estimate for 2014-15.

Very truly yours,



Carol D. Kelly
Assistant County Administrative Officer

- cc: Director of Libraries, Santa Cruz City-County Library System
- Library Director, City of Watsonville
- County Administrative Officer
- Auditor-Controller
- County Counsel
- Clerk of the Board
- Santa Cruz City Manager
- Watsonville City Manager
- Santa Cruz Director of Finance
- Administrative Services Director, City of Watsonville

Attachment 1

**History of the Library Sales Tax Measure
Quarterly and Annual Amounts**

Library Sales Tax Receipts - Quarterly and Annual

| Year | Quarter | Quarterly Actual | Estimate ** | Annual | | |
|---|---------|------------------|------------------|--------------------|------------------------|--------------------------|
| | | | | Actual/ Estimate | Change over Prior Year | % Change over Prior Year |
| 2002-03 | 1 | 1,826,667 | | | | |
| 2002-03 | 2 | 2,032,714 | | | | |
| 2002-03 | 3 | 1,833,704 | | | | |
| 2002-03 | 4 | 1,686,660 | | \$7,379,745 | (\$91,239) | -1.22% |
| 2003-04 | 1 | 1,843,988 | | | | |
| 2003-04 | 2 | 1,986,815 | | | | |
| 2003-04 | 3 | 1,787,501 | | | | |
| 2003-04 | 4 | 1,712,421 | | \$7,330,725 | (\$49,020) | -0.66% |
| 2004-05 | 1 | 1,969,607 | | | | |
| 2004-05 | 2 | 1,911,909 | | | | |
| 2004-05 | 3 | 1,983,125 | | | | |
| 2004-05 | 4 | 1,800,041 | | \$7,664,682 | \$333,957 | 4.56% |
| 2005-06 | 1 | 1,912,226 | | | | |
| 2005-06 | 2 | 2,298,069 | | | | |
| 2005-06 | 3 | 2,060,642 | | | | |
| 2005-06 | 4 | 1,878,281 | | \$8,149,218 | \$484,536 | 6.32% |
| 2006-07 | 1 | 2,124,038 | | | | |
| 2006-07 | 2 | 2,318,897 | | | | |
| 2006-07 | 3 | 2,098,577 | | | | |
| 2006-07 | 4 | 1,998,430 | | \$8,539,942 | \$390,724 | 4.79% |
| 2007-08 | 1 | 2,182,266 | | | | |
| 2007-08 | 2 | 2,182,896 | | | | |
| 2007-08 | 3 | 2,035,609 | | | | |
| 2007-08 | 4 | 1,953,174 | | \$8,353,945 | (\$185,997) | -2.18% |
| 2008-09* | 1 | 2,112,168 | | | | |
| 2008-09 | 2 | 2,125,649 | | | | |
| 2008-09 | 3 | 1,795,098 | | | | |
| 2008-09 | 4 | 1,570,743 | | \$7,603,658 | (\$750,287) | -8.98% |
| 2009-10 | 1 | 1,783,988 | | | | |
| 2009-10 | 2 | 1,764,882 | | | | |
| 2009-10 | 3 | 1,747,693 | | | | |
| 2009-10 | 4 | 1,650,856 | | \$6,947,419 | (\$656,239) | -8.63% |
| 2010-11 | 1 | 1,845,994 | | | | |
| 2010-11 | 2 | 1,944,408 | | | | |
| 2010-11 | 3 | 1,784,248 | | | | |
| 2010-11 | 4 | 1,738,035 | | \$7,312,685 | \$365,266 | 5.26% |
| 2011-12 | 1 | 1,977,610 | | | | |
| 2011-12 | 2 | 2,017,194 | | | | |
| 2011-12 | 3 | 1,926,748 | | | | |
| 2011-12 | 4 | 1,878,232 | | \$7,799,784 | \$487,098 | 6.66% |
| 2012-13 | 1 | 2,067,292 | | | | |
| 2012-13 | 2 | 2,213,276 | | | | |
| 2012-13 | 3 | 2,073,641 | | | | |
| 2012-13 | 4 | 2,010,230 | | \$8,364,440 | \$564,656 | 7.24% |
| 2013-14 | 1 | 2,308,067 | | | | |
| 2013-14 | 2 | 2,271,714 | | | | |
| 2013-14 | 3 | | 2,073,641 | | | |
| 2013-14 | 4 | | 2,010,230 | \$8,663,652 | \$299,213 | 3.58% |
| 2013-14 Estimated Total Receipts Net of Audit Fee | | | | \$8,660,152 | | |

History for additional years going back to Fiscal Year 1997-98 is available upon request.
 * The amount for the 1st quarter of 2008-09 includes the cost of the Measure R Election. Estimated cost of the election was \$275,000. Actual cost of the election was \$198,267.
 ** Bold Amounts are Estimated