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05/24/17

**JOINT POWERS AUTHORITY BOARD
FINANCE COMMITTEE MINUTES**

Wednesday, April 19, 2017

1370 Dell Avenue, Campbell, CA 95008

APPROVED

ACCEPTED

PENDING

DENIED

PRESENTED

MODIFIED

BY: Cynthia Rios Garcia
SECRETARY

DATE: 5/24/2017

CALL TO ORDER/ROLL CALL

Committee members present: Mike Wasserman, BOS District 1, Courtenay C. Corrigan, Los Altos Hills, Carl Cahill, Los Altos Hills City Manager, Burton Craig, Monte Sereno, and Steve Tate, Morgan Hill.

Staff in attendance: Nancy Howe, County Librarian, Chuck Griffen, Financial and Administrative Services Manager, and Cynthia Rios Garcia, Secretary.

Chair Wasserman called the meeting to order at 10:03 a.m. There were no deletions, deferrals or corrections to the agenda.

ORAL COMMUNICATION

None.

CONSENT CALENDAR

- *1. Approve Minutes from January 11, 2017, Finance Committee meeting
- *2. Recommend to the JPA to accept the Santa Clara County Library semi-annual gift report: July 1, 2016 – December 31, 2016.
- *3. Recommend to the JPA to accept the following cash gifts:
 - a. Cash donation of \$11,830.83 to the Santa Clara County Library District and augment the budget for library materials.
 - b. Cash donation of \$16,400 to the Cupertino Library and augment the FY2018 budget for library materials.
 - c. Cash donation of \$272.39 to the Los Altos Library and augment the budget for library programs.
 - d. Cash donation of \$24,000 to the Los Altos Library and augment the budget for library materials.
 - e. Cash donation of \$150,000 to the Saratoga Library and augment the budget for wayfinding and signage.
- *4. Recommend to the JPA to accept grant award of \$1,200 to the Milpitas Library for library programs.
- *5. Consider change to the Finance Committee Meeting start time for May 24, 2017
- *6. Recommend to the JPA to approve technical corrections to Library Beneficiary Funds Policy

- *7. Recommend to the JPA to approve the transfer of Oberlin Charitable Gift to Los Altos Library Endowment
- *8. Recommend to the JPA to approve Fines and Fees Policy update

MOTION was moved by Craig and seconded by Tate to approve Consent Calendar items #1 through #8. The motion passed unanimously by the following vote:

Ayes: Wasserman, Craig, Cahill, and Tate **Absent: Corrigan**

Committee Member Corrigan took her seat at 10:07 a.m.

NEW BUSINESS

- 9. Receive Independent Audit Report for the year ending June 30, 2016.

Benjamin Lau, Auditor from MGO, reviewed the report to the Governing Body (JPA). Highlighted for FY2016 was the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 72 – Fair Value Measurement and Application that addresses investment classifications. Since the Library JPA’s only investment is included in the County’s investment pool and considered part of the County for reporting purposes, it is classified exempt. The Library JPA’s value is based on the actual dollar amount invested in the County investment pool.

In 2012, the building purchased by the Library JPA was reported at cost, and will depreciate for 25 years. The Independent Audit reports the asset at cost and not current market value.

Next, the Independent Auditor’s Report on the Library’s Financial Statements issued an unmodified report, i.e., a clean report. The Independent Auditor’s Report on internal control did not identify any exceptions in internal control that would be considered material weaknesses. The Library’s net pension liability is \$24,777,776 as of June 30, 2016. The Library JPA’s allocated percentage based on required pension contributions for FY2016 is 1.12% of the County’s net pension liability.

The Finance Committee received the Independent Audit Report for the year ending June 30, 2016.

- 10. Recommend to the JPA to approve the addition of one full-time Protective Services Officer at Gilroy Community Library

Public comments received from Doug Muirhead, Morgan Hill resident, expressed concern about adding a Protective Services Officer at the Gilroy Library.

Staff Report. Nancy Howe, County Librarian. Library staff recommended adding one full-time Protective Services Officer to assist staff and address ongoing behavioral issues that have taken place for many years at the Gilroy Library. The Library currently contracts with a security service that has a high turnover of its security personnel as well as inconsistent performance.

The Library wants to hire and train a qualified individual to be part of Library staff, who accepts and follows through with the Library's behavioral standards and philosophy as well as being comfortable dealing with homeless individuals and youth. There are consistent behavioral issues of vandalism, violence, theft and mostly recently a bullying situation that escalated into a gang attack of one of the teen volunteers. Following the incident, Behavioral Mental Health staff met with Library staff to debrief staff. Unfortunately, these incidents warrant adding a Protective Services Officer. Library staff indicated that there were sufficient funds available to pay for this position long term as well as for uniform, radio and ongoing training costs.

MOTION was moved by Craig and seconded by Wasserman to accept staff's proposal and forward recommendation to the JPA to discuss and authorize the expenditure to hire the Protective Services Officer. The motion passed unanimously by the following vote:

Ayes: Wasserman, Corrigan, Craig, Cahill, and Tate

Absent: None

11. Consider the FY2017-2018 Preliminary Budget for the Santa Clara County Library District Staff report. Chuck Griffen, Financial and Administrative Services Manager. The Committee reviewed and discussed the Library District's preliminary budget for FY2018. The requested budgeted summary highlighted several revenue sources: \$4.1 million transferred from the Building and Technology reserves, \$716,000 in rolled over funds from the current year and \$37.2 million in property taxes, which constitutes 94% of the Library's budget. The base Personnel budget of \$30,258,058 reflected an increase from the current year for retirement and health care costs. A summary of the proposed personnel actions were reviewed including adding additional staff to pilot Passport services.

Lastly, the JPA Board at their meeting on October 27, 2016, approved parameters to the Funding Formula that allowed for adjustments when a community's percentage of assessed valuation and/or public service transactions exceed their library's funding formula share by more than 5%. In this situation, the community library's staffing and library material budgets would increase to an amount that would be realized if this difference was limited to 5%, if there was available funding from the unrestricted fund balance. This year was the first time this new methodology was applied, adjusting the FY2018 staffing and library material budgets for Los Altos Library and Cupertino Library by \$58,381 and \$78,830, respectively.

12. Recommend to the JPA to receive the Ten-Year Capital Maintenance Plan status update

The Finance Committee received the report on the JPA Board approved Ten-Year Capital Maintenance Plan update.

13. Recommend to the JPA to receive report on 1344 Dell Avenue Lease

Public comments received from Larry Maggio, Adjutant, American Legion Post 99 and Doug Muirhead, Morgan Hill resident regarding 1344 Dell Avenue, Campbell CA.

The Finance Committee received the report on 1344 Dell Avenue, Campbell CA and made the following motion:

MOTION was moved by Tate and seconded by Craig recommending that the JPA receive and discuss the report and approve the recommendation to extend the lease to June 30, 2018, after which time the Library will occupy the building. The motion passed unanimously by the following vote:

Ayes: Wasserman, Corrigan, Craig, Cahill, and Tate

Absent: None

REPORTS/COMMENTS

14. County Librarian

The Library has offered ESL classes for the past three years through a Federal/State grant. New reporting requirements require that the Library collect social security numbers of participants to continue to receive funding. The Library decided to fund the classes without grant funds so that students can continue to attend the ESL classes without barriers to services or additional reporting requirements.

15. Financial and Administrative Services Manager

No further reports.

16. Finance Committee Members

Committee Member Craig suggested to conduct a study of providing shuttle service from Winchester Light Rail Station to the 1344 Dell Avenue building when it becomes available for public use.

ADJOURN

Chair Wasserman adjourned the Finance Committee meeting at 11:23 a.m. to the next Finance Committee meeting on **Friday, May 24, 2017 at 10:30 a.m.** at the Library Services and Support Center, 1370 Dell Avenue, Campbell CA 95008.

Respectfully submitted,



Cynthia Rios Garcia, Secretary

Library District Joint Powers Authority Board