

**JOINT POWERS AUTHORITY BOARD  
FUNDING FORMULA REVIEW TASK FORCE**

**MINUTES**  
**May 27, 2016 at 2:00 p.m.**

**Task Force Member Present:**

Carl Cahill, City Manager of Los Altos Hills  
Emily Lo, Saratoga  
Jean Mordo, Los Altos  
James Williams, Deputy County Executive  
Gilbert Wong, Cupertino

**APPROVED**    **ACCEPTED**    **PENDING**  
**DENIED**    **PRESENTED**    **MODIFIED**

**BY THE SANTA CLARA COUNTY LIBRARY  
DISTRICT JOINT POWERS AUTHORITY**

**BY:** Cynthia Rios Garcia  
**SECRETARY**

**DATE:** 6/22/2016

**Staff present:**

Nancy Howe, County Librarian  
Chuck Griffen, Financial and Administrative Services Manager  
Chris Brown, Deputy County Librarian  
Melissa Kiniyalocts, Deputy County Counsel  
Cynthia Rios Garcia, Secretary

**Public present:**

Doug Muirhead, Morgan Hill resident  
Suzanne Epstein, Los Altos Hills resident

**CALL TO ORDER/ROLL CALL**

The meeting was called to order at 2:01 p.m. There were no deletions, deferrals or corrections to the agenda. There was a quorum present.

**ORAL COMMUNICATION**

None.

**CONSENT CALENDAR**

**ACTION**

- \*1. Approve Minutes from April 29, 2016, Funding Formula Review TF meeting

**MOTION** was moved by Wong and seconded by Williams to approve the Consent Calendar item

**#1. The motion passed unanimously by the following vote:**

**Ayes:** Cahill, Lo, Mordo, Williams and Wong

## **NEW BUSINESS**

2. Review Funding Formula Alternatives. Staff Report. Chuck Griffen, Financial and Administrative Services Manager. At the last meeting, the Task Force Members agreed to come back and review adjusted formulas using assessed valuation, population, circulation and other factors. Mr. Griffen prepared sixteen funding formula alternatives for review. A new factor introduced was Public Service Transactions which defines workload processes of the Library such as circulation, program attendance, reference questions and computer sessions per library. County Librarian Howe checked in with two consultants who recommended using the broader category of "public service transactions" instead of circulation as it is more reflective of today's libraries.

The Formula allocates 17% for staffing, or \$4,689,799 and 75% for materials, or \$4,006,398. The Platform provides funding for each library to be open 30 hours and the Woodland Library 20 hours. On the whole eBook and electronic resource vendors do not report usage by unique community libraries. Out of five eBook vendors *OverDrive* is the only vendor at this time that tracks, breaks out and assigns check outs to a specific location.

The Task Force Members reviewed the information and discussed the funding formula alternatives.

TF Member Mordo commented that the Formula dilutes Los Altos' contribution excessively by using the three measures of assessed valuation, circulation and population. Currently, Los Altos contributes 22%, but when averaged with population at 11% and circulation at 14%, the Formula allocation to Los Altos has been reduced to 16%. Therefore, a difference of 6% of the contribution and the average of the three factors equals to \$540,000 of \$9 million available for distribution. He suggested using assessed valuation and one other factor such as circulation or population to reduce the discrepancy.

TF Member Williams commented that after reviewing the information he suggested that it may be more appropriate to have two formulas to distribute the dollars currently distributed by the Formula, one that allocates funds for staffing based on public services transactions and another that allocates funds for materials based on circulation. He asked for clarification of why the materials budget is based on circulation and the relationship of staffing workload to circulation.

County Librarian Howe in response commented that there has been a strong correlation between the collection and staffing for many years. Staff have been heavily involved in all aspects of the library from helping patrons find materials or managing circulation, including purchasing, processing, and shelving materials. Now staff are also involved in programming activities, early literacy efforts and providing classes, for example citizenship classes. Since much of collection management is handled at the community library, collection workload at the library level intertwines with all of staffs' duties and is hard to separate.

TF Member Cahill recalled that when the Formula was reviewed in 2012 each Library District city was represented by their city manager and as a gesture of fairness to the Cities of Los Altos and Los Altos Hills the 5% cap was offered as an acceptable alternative to the JPA.

TF Member Lo commented that the factor of population is becoming an issue for the Cities of Saratoga, Los Altos and Los Altos Hills for the reason that population growth is stable and for future years very minimal population growth is projected while assessed valuation on the other hand is increasing. A decrease in the City of Saratoga' allocation may be seen. TF Member Lo suggests that adjustments be made to the assessed valuation percentage so that they are acceptable to the Library District and consider using the factor of public services transactions and decrease the weight of population. She suggested that the Task Force take a closer look at Alternative 1, substituting public service transaction for 30% circulation, and keep 30% population and assessed valuation to 40%.

TF Member Mordo suggested that the Task Force review Alternative 2 which is 25% population, 25% circulation and 50% assessed valuation and Alternative 3, which is 50% circulation and 50% assessed valuation. TF Member Williams was not in agreement with 50% assessed valuation and felt it was a step backwards.

TF Member Williams proposed looking at two different formulas, 1) a formula for materials heavily weighted with circulation and tied to the utilization of the materials themselves, and 2) a formula for staffing using the public service transactions including circulation, program attendance, reference questions and computer sessions per library. He also suggested increasing the ratio of percentages of circulation on the materials side and the ratio of percentages of the public service transactions on the staffing side.

County Librarian Howe indicated that there are two ways to fund the decrease for the libraries that will be affected. One is that they will get less by taking funds from the remaining cities and distributing the allocation in proportion to their share of the formula. The second is that the JPA could use the reserves temporarily to cover the reduction and ease the transition. The Library's cash reserves are \$13 million.

The TF Members continued reviewing and talking about different alternatives. County Librarian Howe expressed appreciation for everyone's comments and commitment to the District.

TF Member Williams commented that changing the Formula is an ongoing cost and that the JPA Board may well approve for a one time basis to cover the difference; however the assessed valuation will continue to grow. He said that it would not be fiscally responsible to present a Formula shift by sustaining it with reserves.

TF Member Lo recommended putting in place a policy not to dip into the reserves. TF Member Mordo commented that the reserves should only be used to smooth out the transition for no more than 3 years.

3. Next steps.

The TF Members asked staff to provide the following Formula alternatives for consideration:

- 1) 50% assessed valuation and 50% circulation
- 2) Two Formulas
  - a. Materials budget: 1/3% assessed valuation, 1/3% population and 1/3% circulation
  - b. Staffing budget: 1/3% assessed valuation, 1/3% population and 1/3% public service transactions
- 3) 40% assessed valuation, 30% public service transactions and 30% circulation
- 4) 40% assessed valuation, 30% public service transactions and 30% population

TF Member Cahill recommended incrementally phasing in the Formula changes over 5 years to avoid service disruption instead of trying to do it in one budget cycle.

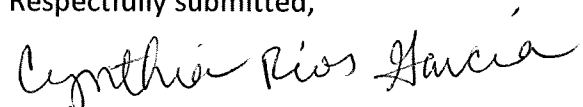
TF Member Wong expressed concern that Cupertino, Gilroy, Milpitas, and Morgan Hill Libraries will be impacted greatly by the recommendation of 50% assessed valuation and 50% circulation.

Public comments received from Suzanne Epstein, Los Altos Hills resident and Doug Muirhead, Morgan Hill resident.

**ADJOURN**

With no further business the meeting was adjourned at 3:27 p.m. to the next Funding Formula Review Task Force meeting scheduled on June 22, 2016 at 10:00 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