



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Library & Recreation

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City Manager Approval:  _____

TOPIC: SPECIAL LIBRARY PARCEL TAX ANNUAL REPORT

SUBJECT: SPECIAL LIBRARY PARCEL TAX COMMITTEE'S ANNUAL MEASURE D REPORT

RECOMMENDATION:

Staff recommends that the City Council accept the 2020 Special Library Parcel Tax Committee's annual report on the expenditures of the Special Library Parcel Tax funds.

BACKGROUND:

The Committee was appointed on [May 15, 2017](#) after Measure D, the Special Library Services Parcel Tax was approved by the voters at the June 7, 2016 special municipal election. The Committee's sole purpose is to ensure the monies have been expended in accordance with the authorized purposes of Measure D. This is the second report on Measure D expenditures as it is the second year of the tax levied by Measure D, following the conclusion of 7 years of Measure C, which was succeeded by Measure D.

The Measure D Committee consists of five members, appointed July 17, 2017 and is tasked with reviewing current and upcoming years' spending. The committee members are:

- Phyllis Brinckerhoff - Jul 17, 2017 to Jul 31, 2021
- Gail Grasso - Nov 2, 2020 to Jul 31, 2022
- Gregg Kellogg - Jul 17, 2018 to Jul 31, 2022
- Peter Lee - Jul 17, 2017 to Jul 31, 2021
- Gil Pruitt - Sep 30, 2018 to Jul 31, 2022

ANALYSIS:

The Committee's 2020 report states Measure D funds were expended appropriately for Fiscal Year 2019-2020. The final audited fund balance was \$378,886. This accumulation of fund balance is a result of two primary factors over the life of the tax: vacant staff positions funded by the Parcel Tax, and the growth of small amounts being underspent in various line items over the life of the tax.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

In 2019, the Committee and Staff engaged in discussions about the appropriate percentage of the City's general fund allocated annually for Library Services in addition to funds received through Measure D. Committee members felt this general fund percentage for Library Services was a fixed 4.41 percent annually regardless of changes in Measure D funds received¹. However, Staff felt this percentage could fluctuate annually based on other components contributing to the general fund and instead of the percentage, the focus should be on level of services.

The Committee and Staff have agreed the 4.41 percent general fund allocation is a target rather than a fixed requirement. Rather, the goal of the general fund allocation should be sufficient funding in addition to Measure D to maintain service levels and focus on building efficiencies with regards to work flows. For Fiscal Year 2019-2020 with the pandemic, the closure of the libraries and the budget effects of 6 frozen positions on the library general fund budget, the general fund allocation target of 4.41 percent was not achieved.

Lastly, the Library has a capital set-aside fund balance of \$353,335 earmarked for new and improved library facilities as directed by City Council. There was no activity in this fund during the current year.

COMMUNITY OUTREACH:

To date the Library has received input on expenditures from the Special Library Parcel Tax Committee through their annual report. The committee typically meets 5 times per year, with all meetings open to the public. This report was discussed and approved at the November 30, 2020 meeting (Attachment 1).

FISCAL IMPACT:

There is no fiscal impact from the acceptance of this report.

RECOMMENDED ACTION:

Accept the 2020 Special Library Parcel Tax Committee's annual report.

ATTACHMENTS:

1. 2020 Special Library Parcel Tax Committee's annual report

¹ 4.41 percent reflects the proportion of the City's General Fund allocated to Library Services at the time Measure C was passed in 2010.

City of San Rafael Special Library Parcel Tax Committee Report FY 2019-2020

The Committee's sole function shall be to review the expenditures of the revenues from the Special Library Services Parcel Tax, adopted by Measure D on June 7, 2016 to ensure the monies have been expended in accordance with the authorized purposes of Measure D. Measure D replaced Measure C which expired on June 30, 2017.

In previous reports of Measures C and D, the committee listed as a task: "to ensure that the Library maintains its share of the general fund." This was listed because the text of Measure D states that the parcel tax would "provide a critical, consistent, locally-controlled source, augmenting current general fund allocations..."

When Measure D passed, the committee used the same method the City Attorney indicated upon passage of Measure C: the proportion of the Library of the General Fund Budget. In both cases, it was 4.4%. However, during the term of Measure C, the percentage was not and could not be maintained each year due to mandated expenses for specific departments. These were noted in the Measure C Committee's reports as acceptable variances.

At the July 2, 2019 Library Parcel Tax Committee Meeting, the committee agreed to the following:

"General agreement that the proportionality would remain at 4.4% but that it is a shared goal that is non-binding. It is the goal of the committee to be in alignment with the ongoing proportionality that has been established."

With the pandemic, it is not possible for the Library to maintain 4.4% of the General Fund, and this will continue into FY 2020-2021. The City has had to maintain Police, Fire, and city maintenance at higher levels while total revenue is down.

The proportion of the Library General Fund compared to the total General Fund Budget was 3.51% for Fiscal Year 2019-2020 which is less than the shared goal. This is due to staffing which was 78.8% of budget while non-personnel expenditures were 86.7% of budget. The Library's budgeted percentage of the General Fund was 4.35%.

While it is clear that large cuts were necessary, the Committee would like to note that much of the Library's decrease in the General Fund Budget is due to removing staff hiring that had been in the budget in FY 2018-2019 and FY 2019-2020. It is unclear when or if these positions will be filled when the Library returns to "normal". Also unclear is what the "new normal" will be.

The unaudited parcel tax fund balance for FY 2019-2020 is reported as \$373,074. The remaining balance of the Capital Set Aside (which was created from Measure C funds) as of June 30, 2020 was \$353,335.

FY 19/20 Annual Revenue and Expenditure Report from Committee to City Council

Measure D funds are restricted from being used for facility improvement or replacement. The Committee will be monitoring the ongoing planning for the new and improved Library facilities to ensure that Measure D funds are used appropriately.

The Committee would like to commend the Library Director and Library Staff for continuing to provide services to our Community through curbside pickup, online services (which included helping to set up Wi-Fi services in underserved neighborhoods), the Zip Books program and “zoom programs”. These services are essential, especially for families with school age children and older residents.

Phyllis Brinckerhoff

Phyllis Brinckerhoff, Committee Chair

*Gail Grasso
Committee Member*

Gail Grasso, Committee Member

Gregg Kellogg

Gregg Kellogg, Committee Member

Peter Lee

Peter Lee, Committee Member

William G. Pruitt

Gil Pruitt, Committee Member