



REPORT TO COUNCIL City of Sacramento

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Staff Report
March 27, 2007

**Honorable Mayor and
Members of the City Council**

Title: Sacramento Public Library Authority Joint Exercise of Powers Agreement

Location/Council District: All

Recommendation: Adopt a **Resolution** approving Joint Exercise of Powers Agreement for the Sacramento Public Library Authority to reflect a new governance and resource allocation structure.

Contact: Anne Marie Gold, Library Director, (916) 264-2830

Presenters: Anne Marie Gold, Library Director, Tom Sinclair, Consultant

Department: Sacramento Public Library

Division: Administration

Organization No: 1101

Description/Analysis

Issue: The City of Sacramento is one of the two original signatory agencies to the 1993 Joint Exercise of Powers Agreement that formed the Sacramento Public Library Authority. The Library Authority has provided library services to all residents of Sacramento County, except for the City of Folsom, since that time. In the years since the inception of the Authority, three new cities have incorporated – Citrus Heights, Elk Grove and Rancho Cordova – but they have not had seats on the governing board of the Authority. In order to insure that the Library Authority continues its successful role as a regional service provider, the Library Authority Joint Exercise of Powers Agreement needs to be amended to reflect a new governance and resource allocation structure.

Policy Considerations: The existing Joint Powers Agreement requires that the current signatory agencies approve the addition of other parties. The new Joint Exercise of Powers Agreement amends and supersedes the existing agreement.

Environmental Considerations: None.

Commission/Committee Action: At its meeting on February 22, 2007 the Sacramento Public Library Authority Board endorsed the Joint Exercise of Powers Agreement and recommended its approval by the cities and the County.

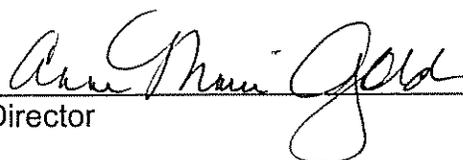
Rationale for Recommendation:

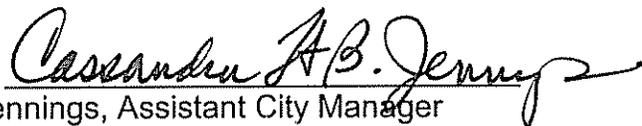
The new Joint Exercise of Powers Agreement has been carefully crafted to reflect the changing dynamics among all the cities and the County, while at the same time maintaining the regional structure for library service delivery. Based on the population based formula for seats on the governing board, the City of Sacramento increases its current number of seats on the governing board from 4 to 5. The composition of the governing board and voting procedures are ones that were modeled after other regional agencies, e.g. the Sacramento Transportation Authority (STA) and Sacramento Area Council of Governments (SACOG).

Financial Considerations:

The City of Sacramento retains its local authority for funding of library services from the General Fund. The new service level and financial provisions for libraries funded by County Library Fund 11 ensure that the current level of services, e.g. current open hours per week, have first priority for funding. In addition, as funds are available, the governing boards of those jurisdictions in which those libraries are located will have the opportunity to direct the use of those funds for either enhanced services or capital projects.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by: 
Anne Marie Gold, Library Director

Approved by: 
Cassandra Jennings, Assistant City Manager

Recommendation Approved:


for Ray Kerridge
City Manager

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BACKGROUND

The Sacramento Public Library Authority was formed in 1993 as a result of the approval of a Joint Exercise of Powers Agreement by the County of Sacramento and the City of Sacramento, following a long history of shared administration between the Sacramento Public Library, operated by the City of Sacramento, and the Sacramento County Library, operated by the County of Sacramento. The Library Authority began operating with its own staff in 1996 and has continued to provide library services to the region since that time.

Subsequent to that time, three new cities – Citrus Heights, Elk Grove and Rancho Cordova – have been formed and the Library Authority has continued to provide library services to the residents of those cities. However, these new cities and the cities of Galt and Isleton have not had a direct role in the governance of the Library Authority.

In April 2005 the Library Authority Board began its discussions of expansion of the membership of the JPA and established a Membership Committee and directed the Library Director to initiate discussions with the cities about becoming members of the Library Authority.

The Library Authority contracted with Tom Sinclair to provide consulting services for the discussion with the cities and the County. On October 20, 2005 a presentation was made to the Executive Management Group, comprised of the city managers and the County Executive, concerning the expansion of the JPA and the group agreed to take on the issue of the Library Authority expansion. A working group, the JPA Governance and Resource Allocation Committee, comprised of staff from the County and the cities of Elk Grove, Rancho Cordova and Sacramento, was established to work closely with library staff on the governance and resource allocation issues and the group began monthly meetings in 2006.

The Library contracted with DMG Maximus in January 2006 to create an indirect cost plan for the Library. A benchmark study of governance and resource allocation by similar libraries was completed in Spring 2006. In April and May 2006 the working group completed its review of property tax revenue generation, along with the revenue and expense model and service area plan methodology. The group then developed recommendations on board composition and voting methodologies for the new JPA. The group also developed a model for libraries funded by County Library Fund 11 relating to base equity levels of service and enhanced services, including funding for base service levels and local control over supplemental funding for enhanced service levels. The working group then developed final recommendations on facility maintenance and repair responsibilities for existing facilities and capital project responsibilities for new facilities, as well as the approval process for new library facilities. The Membership Committee of the Board, the full Library Authority Board and the Executive Management Group were briefed on the work of the group throughout this time.

An initial presentation on the overall Principles of the new JPA (Attachment A), which outlines the terms of the new Joint Exercise of Powers Agreement, was made to the Executive Management Group on November 16, 2006, with a final presentation made on February 15, 2007. At its meeting on January 25, 2007 the Library Authority Board endorsed the Principles, and at its meetings on February 22, 2007 endorsed the Joint Exercise of Powers Agreement (Attachment B) and recommended its adoption by the County and all the cities.

Agreement Details

The new Joint Exercise of Powers Agreement amends and supersedes the current 1993 agreement. It represents significant new directions for the Library Authority. The key changes in the new JPA are:

1. Authority Governing Board

- Population based allocation
- 14 members, increased from 9 members
 - 5 members, County Board of Supervisors
 - 9 members from cities, based on population
 - City of Sacramento membership increased from 4 members to 5
- Alternates can be any elected official in Sacramento County

2. Voting

- 2 tier voting
 - Tier 1 – simple majority of Authority Board members
 - Tier 2 – 50% of jurisdictions present and voting

3. Service Levels/Funding - County unincorporated area, as well as cities of Rancho Cordova, Elk Grove, Citrus Heights, Galt and Isleton

- Funding shall come from revenues from County Fund 11, as well as any additional member contributions for enhanced services.
- First priority for funding services shall be for a base level of services. Current base level is the current number of open hours weekly. Base costs include direct and indirect operating costs. The Authority Board has the ability to adjust the base services level.
- Funds remaining after funding cost of base services shall be allocated among the County and cities above based on a formula and used to fund enhanced library services or library capital projects. The governing board of each jurisdiction, e.g. the County Board of Supervisors, shall determine what enhanced services to be funded. The Authority Board has the authority to modify the allocation formula.
- Base services and supplemental funding changes in effect for FY 08/09

4. Service Levels/Funding – City of Sacramento

- Subject to annual funding availability; no major change in new JPA

5. Facilities

- All parties that own library facilities will be responsible for capital improvements.
- Current facility ownership shall remain the same.
- For members whose facilities are owned by other entities, members can acquire title, provide own facility or have them provided by another member. Note: This section will affect the City of Citrus Heights - Sylvan Oaks Library owned by the County of Sacramento, the City of Rancho Cordova - Rancho Cordova Library owned by the County of Sacramento, and the City of Elk Grove - Franklin Community Library owned by the Elk Grove Unified School District.

6. Services by Members

- Members can provide system wide services under written agreements and bill the Library Authority for such services.

7. Additional Libraries

- The Library Authority Board is charged with approving new libraries and expansion of existing libraries, using criteria related to existing facilities, growth, and demand.

8. New JPA Members

- Upon incorporation, a new city shall be given the right of membership in the Library Authority.

9. Finance Advisory Committee

- A staff level Finance Advisory Committee, with representation from all the members, established to provide recommendations to Authority staff on financial provisions of JPA.

10. Termination/withdrawal

- All members must stay in for first three years
- One year's notice of intent to withdraw
- Withdrawing members retain capital facility but no personal or unsecured property, except those purchased with member's funds.

11. Staff

- Authority Board appoints Library Director, who must hold an MLS.
- Sacramento County Executive and City Managers included in recruitment process
- Authority Board appoints Treasurer and Auditor, both of whom shall be employees of the Authority.
- Authority Board appoints legal counsel.

RESOLUTION NO.

2007-

Adopted by the Sacramento City Council

Resolution Approving Joint Exercise of Powers Agreement for the Sacramento Public Library Authority

BACKGROUND

A. The Sacramento Public Library Authority was formed in 1993, the result of a joint powers agreement between the City and the County of Sacramento, to provide library services to the region.

B. There is a desire to establish a governance structure that represents all of the participating public entities and responds to the interests of constituents of large and small jurisdictions.

C. A coordinated system can best be achieved through the cooperative action of the Parties operating through a Joint Exercise of Powers Agreement.

D. The City of Sacramento desires to continue to be a member of the Sacramento Public Library Authority.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

1. The City Council hereby approves the amended Joint Exercise of Powers Agreement for the Sacramento Public Library Authority (Exhibit A), among the following parties: County of Sacramento, City of Citrus Heights, City of Elk Grove, City of Galt, City of Isleton, City of Rancho Cordova, and City of Sacramento, and authorizes the City Manager to execute the Agreement.
2. The amended Joint Exercise of Powers Agreement shall take effect on July 1, 2007.

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Exhibit A: Sacramento Public Library Authority Joint Exercise of Powers Agreement

JOINT EXERCISE OF POWERS AGREEMENT
SACRAMENTO PUBLIC LIBRARY AUTHORITY

February 22, 2007

JOINT EXERCISE OF POWERS AGREEMENT
SACRAMENTO PUBLIC LIBRARY AUTHORITY

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JOINT EXERCISE OF POWERS AGREEMENT
SACRAMENTO PUBLIC LIBRARY AUTHORITY

This Agreement shall be effective as of July 1, 2007, by and among the following public entities:

- (a) COUNTY OF SACRAMENTO ("County")
- (b) CITY OF CITRUS HEIGHTS ("Citrus Heights")
- (c) CITY OF ELK GROVE ("Elk Grove")
- (d) CITY OF GALT ("Galt")
- (e) CITY OF ISLETON ("Isleton")
- (f) CITY OF RANCHO CORDOVA ("Rancho Cordova") and
- (g) CITY OF SACRAMENTO.

Each of the public entities shall also be referred to individually as "Party" and collectively as "Parties."

This Agreement amends and supersedes the Joint Powers Agreement between the City of Sacramento and the County of Sacramento creating the Sacramento Public Library Authority dated August 31, 1993 ("the 1993 Agreement"), in order to add additional Parties to the Authority and to modify various terms of the 1993 Agreement.

For the purposes of this Agreement, the County's jurisdiction shall be deemed to be the unincorporated area of the County of Sacramento.

RECITALS

WHEREAS,

The Parties to this Agreement have and possess the power and authority to acquire, construct, operate and maintain public library facilities for the purpose of providing public library services; and

The Parties recognize that a regional network of library services creates economies of scale and expanded library service opportunities for all; and

The Parties recognize that, because library users cross jurisdictional boundaries, a regional network of library services best serves the needs of all users; and

The Parties desire to operate a regional network of library services that provide open access to diverse resources and ideas that inspire learning, promote reading and enhance community life; and

There is a need for a coordinated and regional effort to plan, finance, provide and maintain facilities and public library services within the incorporated and unincorporated areas of Sacramento County to provide maximum benefit from available public funds; and

The Parties desire to establish a governance structure that represents all of the participating public entities and responds to the interests of constituents of large and small jurisdictions; and

The Parties desire to establish a stable funding system that recognizes the primary importance of funding a base level of services at all libraries, while also permitting some locally generated revenues to be allocated for local services at the discretion of the Parties' Governing Bodies; and

A coordinated system can best be achieved through the cooperative action of the Parties operating through a Joint Exercise of Powers Agreement; and

Each Party is authorized to contract with each of the other Parties for the joint exercise of any common power under the Joint Exercise of Powers Act (Government Code Title 1, Division 7, Chapter 5, Article 1, Sections 6500 et seq.).

AGREEMENT

In consideration of the mutual promises contained herein, the Parties hereby agree as follows:

1. COMMON POWER TO BE EXERCISED

Each Party has in common the power to study, plan for, develop, finance, acquire, construct, maintain, repair, manage, operate, and control public library facilities. The purpose of this Agreement is to jointly exercise the foregoing common powers in the manner hereinafter set forth.

2. ESTABLISHMENT OF THE AUTHORITY

There is hereby established pursuant to the Joint Exercise of Powers Act (Government Code Sections 6500 et seq.) an Authority that shall be a public entity separate from the Parties to this Agreement. The name of the Authority shall be the SACRAMENTO PUBLIC LIBRARY AUTHORITY, and shall hereinafter be referred to as the "Authority." The boundaries of the Authority shall be coextensive with those of the Parties.

3. MINIMUM TERM AS PARTY TO AUTHORITY

Each Party agrees to continue as a Party to the Authority until at least June 30, 2010.

4. AUTHORITY POWERS

a. Powers. The Authority shall have the power in its own name to do any of the following:

- i. To exercise jointly the common powers of its Parties to provide public library services.
- ii. To participate in financing or refinancing library services or facilities in accordance with state law.
- iii. To make and enter into contracts necessary to the full exercise of its powers.
- iv. To hire and fire employees.
- v. To contract for the services of attorneys, planners, financial consultants, and other persons as it deems necessary.
- vi. To acquire, construct, manage, maintain, operate, lease, dispose of, and use any library facilities.
- vii. To acquire, hold, and dispose of property necessary to the full exercise of its powers.
- viii. To incur debts, liabilities or obligations subject to limitations herein set forth.
- ix. To levy and collect, consistent with the terms of this Agreement, special assessments and to issue revenue bonds as may be statutorily authorized.
- x. To levy and collect, consistent with the terms of this Agreement, special capital assessments as may be statutorily authorized.
- xi. To sue and be sued in its own name.
- xii. To prescribe, revise and collect fees and fines as a condition for utilization of its facilities in accordance with applicable statutory requirements.
- xiii. To apply for, accept and receive state, federal, or local licenses, permits, grants, loans or other aid necessary for the Authority's full exercise of its powers from any agency of the United States of America, the State of California, or any other public or private entity.
- xiv. To accept and receive gifts, contributions, donations, and bequests of property, funds, services and other forms of assistance as necessary for the Authority's full exercise of its powers.
- xv. To administer, to the fullest extent not prohibited by law, any trust declared or created for the Authority.

- xvi. To receive by grant, gift, devise or bequest and hold in trust or otherwise, property situated in this State or elsewhere and, where not otherwise provided, dispose of the property for the benefit of the Authority.
- xvii. To perform all acts necessary and proper to carry out fully the purpose of this Agreement and not inconsistent with any other provision of law.
- xviii. In compliance with Government Code Section 6509, which requires a Joint Powers Agreement to provide that it will exercise its powers subject to the restrictions upon the manner of exercising powers applicable to one of the contracting parties, and to so designate in the agreement, the Parties designate the City of Sacramento, a charter city, and agree that to the extent not herein specifically provided for, the Authority shall exercise any powers in the manner and according to methods provided under the laws applicable to the City of Sacramento.

- b. Limitation on Imposition of Assessments. The provisions of subsection a. notwithstanding, the Governing Board shall have no power to impose assessments within any Party's jurisdiction unless the Party's governing body first passes a resolution consenting to the assessment.
- c. Additional Powers to be Exercised. In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by subsequently enacted legislation.
- d. Limitation on Powers. All the powers and authority of the Authority will be exercised by the Governing Board of the Authority, subject, however, to any rights expressly reserved by the Parties as herein set forth.
- e. Limitation on Issuance of Bonds. The provisions of subsection a. notwithstanding, the Governing board shall have no power to issue bonds on behalf of the Authority unless the governing body of each Party first passes a resolution consenting to the issuance of the bonds.

5. AUTHORITY LIABILITIES

The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the Parties. The Authority shall indemnify, defend and hold harmless the Parties for any acts or omissions of the Authority, its officers, employees, and agents, performed in connection with, or in any way related to, this Agreement.

6. AUTHORITY GOVERNING BOARD

a. Composition of the Governing Board. The Governing Board of the Authority shall be composed of members as follows, who shall serve at the pleasure of each member's appointing authority:

- i. Five members of the Sacramento County Board of Supervisors.
- ii. One member of the City Council of each participating City with a population of 50,000 or more, appointed by that City Council.
- iii. One member appointed jointly by the City Councils of all of the participating Cities with a population less than 50,000 each, who shall be a member of one of the City Councils.
- iv. Each City shall be entitled to appoint an additional member of its City Council for each 100,000 increment in its incorporated population above the threshold population of 50,000, up to a maximum of five members per City. (By way of example only, a city of 150,000 shall have two members, consisting of one member for the first 50,000 and one member for the next 100,000. A city of 320,000 shall have three members, consisting of one member for the first 50,000 and two members for the next 200,000. A city of 395,000 shall have four members, consisting of one member for the first 50,000, and three members for the next 300,000. A city of 450,000 or more shall have five members.)

The number of Governing Board members for each City shall be based upon the California Department of Finance Population Estimates for Cities and Counties issued pursuant to Section 2227 of the Revenue and Taxation Code and shall be adjusted annually on July 1, based on the Department of Finance Population Estimates for Cities and Counties issued in May of that year for the previous January 1. Members added by the adjustment shall begin serving on July 1.

NOTE: Based on January 1, 2006 population data and assuming all Cities in the County except Folsom participate, and subject to changes in population estimates as of January 1, 2007 as issued in May 2007, the initial number of Governing Board members is fourteen, as follows:

| | |
|-----------------------------|-----------|
| County Board of Supervisors | 5 members |
| City of Citrus Heights | 1 member |

| | |
|------------------------|-----------|
| City of Elk Grove | 1 member |
| City of Rancho Cordova | 1 member |
| City of Sacramento | 5 members |
| Cities of Galt/Isleton | 1 member |

- b. Alternates. Each Party may appoint alternates to the Governing Board, each of whom shall be an elected official of a local governmental entity within the County of Sacramento. Alternates shall be empowered to cast votes in the absence of the regular member or in the event of a regular member's disqualification to vote because of a conflict of interest.
- c. Governing Board Officers and Committees. The Governing Board shall elect a chair, a vice-chair, and other officers as the Governing Board shall find appropriate to serve the Authority for a term of one year unless terminated at the pleasure of the Governing Board. No person shall serve in the same office for more than two consecutive years. The chair may appoint committees of the Governing Board as the chair shall find appropriate. The Library Director shall serve as Secretary to the Governing Board, a non-voting office.
- d. Rules and Regulations. The Governing Board may adopt from time to time rules and regulations for the conduct of its affairs as may be required.
- e. Representation of New Parties. Newly incorporated cities and other cities that become Parties to this Agreement shall have the same representation on the Governing Board as existing Parties.
- f. Term of Office. Each Party shall establish the term of office for its members, subject to the requirement that the member is a member of the Party's Governing Board.

7. MEETINGS, QUORUM AND VOTING

- a. Meetings.
 - i. The Authority shall provide for regular meetings and special meetings in accordance with the Ralph M. Brown Act, Government Code Sections 54950 et seq., or in accordance with other regulations as the legislature may hereafter provide.
 - ii. The Governing Board shall set regular meetings. The date, time, and place of each regular meeting shall be fixed by the Governing Board.

- iii. Records of all actions taken by the Governing Board shall be kept and made available to the public in accordance with applicable law.
 - iv. The Governing Board may establish by resolution rates for the compensation of its members for attending meetings and shall adopt a policy for reimbursement of members' expenses.
- b. Quorum. A majority of the members of the Governing Board shall constitute a quorum for the conduct of business. Less than a quorum may vote to adjourn a meeting.

NOTE: Based on a membership of 14, the quorum would be 8 members of the Governing Board, including alternates. If the membership were to increase to 15, the quorum would still be 8. At a membership of 16, the quorum would be 9.

c. Tiered Voting.

- i. Each member of the Governing Board shall have one vote.
- ii. All actions taken by the Governing Board must receive a first tier approval, which shall require the affirmative vote of a majority of the members of the Governing Board.
- iii. All actions by the Governing Board must also receive a second tier approval, which shall require the affirmative vote of 50% or more of the Parties represented at the meeting. For purposes of this second tier approval, the vote of a Party is affirmative if 50% or more of its members present and voting cast an affirmative vote. For purposes of this tier, cities under 50,000 jointly sharing a vote shall count as one Party.

NOTE: Based on a Governing Board membership of 14, the first tier would require 8 votes to take action.

NOTE: For the second tier, a 50% vote requirement is required, rather than a majority or 50% plus one requirement.

If five or six Parties are represented at a meeting, the second tier would require at least three Parties to vote affirmatively. If three or four Parties are represented at a meeting, the second tier would require at least two Parties to vote affirmatively. If a Party has an even number of members present and voting, a tie (50-50) vote

among that Party's members counts as an affirmative vote for purposes of the second tier.

8. LIBRARY DIRECTOR

- a. Chief Executive Officer. The Library Director of the Sacramento Public Library shall be the chief executive officer of the Authority and shall be responsible to the Governing Board for the proper and efficient administration of the Authority pursuant to the provisions of this Agreement and any resolutions or orders of the Governing Board.
- b. Appointment of Library Director. The Governing Board shall appoint the Library Director, who shall serve at the pleasure of the Governing Board. The Governing Board may establish procedures for recruitment and hiring of the Library Director. The procedures shall include the participation of the Sacramento County Executive and the City Manager of each of the Parties. The Library Director shall meet the qualifications of a County Librarian as provided in Article 2, Section 19142 of the Education Code regarding County Free Libraries and shall also have the duties and responsibilities of a County Librarian as provided in Section 19146 of the Education Code.
- c. Powers and Duties. In addition to the other powers and duties provided, the Library Director shall have the power:
 - i. Under the policy direction of the Governing Board, to plan, organize, and direct all Authority activities.
 - ii. To authorize expenditures within the appropriations and limitations of the approved budget.
 - iii. To make recommendations to and requests of the Governing Board concerning all of the matters that are to be performed, done or carried out by the Governing Board.
 - iv. To have charge of, handle, or have access to any property of the Authority.
 - v. To apply for and negotiate for and administer grants and subventions from the State or Federal governments or other funding sources. All applications requiring matching or contributory funds must be approved by the Governing Board.
 - vi. To determine what books and other library materials and equipment shall be purchased, as provided by California Education Code Section 19146, subject to budgetary limitations.

- vii. To hire, supervise, and dismiss as necessary all authorized staff of the Authority.

9. TREASURER, AUDITOR, LEGAL COUNSEL

- a. Appointment of Treasurer and Auditor. The Governing Board shall appoint the Authority Treasurer and Authority Auditor from among the employees of the Authority. One employee may hold both positions. The Treasurer and Auditor shall comply strictly with the provisions of the statutes related to their duties set forth in the Joint Exercise of Powers Act (Government Code Sections 6500 et seq.)
- b. Treasurer. The Treasurer of the Authority shall be the depositor and the custodian of all the money of the Authority from whatever source and shall to the fullest extent permitted by law invest any surplus or trust fund for the benefit of the Authority.
- c. Auditor. The Auditor of the Authority shall cause an independent annual audit of the Authority finances to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Government Code. A report of the annual audit shall be filed with each Party. The Auditor shall draw warrants to pay demands against the Authority initiated by its authorized representatives pursuant to any delegation of Authority adopted by the Governing Board. The Auditor shall account for all funds belonging to the Authority and shall prepare reports of all receipts and disbursements in accordance with standard accounting procedures.
- d. Legal Counsel. Legal counsel to the Authority shall be appointed by the Governing Board and shall serve at the pleasure of the Governing Board.

10. RESPONSIBILITY FOR ADMINISTRATION AND IMPLEMENTATION OF AGREEMENT

- a. Responsibility for Administration. Upon execution of this Agreement, the Authority shall continue to have responsibility for all programs and activities related to the provision of public library services within the Parties' jurisdictions, including operation of the Library Galleria complex, café, and other spaces in the Central Library. The Authority shall retain any and all revenues received from these activities.
- b. Implementation of Agreement. The Governing Board is charged with implementation of the terms of this Agreement. The Governing

Board is authorized to modify the following provisions of this Agreement:

Base service levels (Section 11c(i), Appendix A)
Supplemental Funding Allocation Formula (Appendix B)
Facility Maintenance and Repair Funding and Capital Funding (Section 12d)
County Fund 11 Direct charges (Section 11c(iv))

11. SERVICE LEVELS, BUDGETING, FUNDING AND OTHER FINANCIAL PROVISIONS

- a. Annual Budget. Within 90 days after the commencement of each fiscal year (defined as July 1 to June 30), the Governing Board shall adopt a budget for the Authority for that fiscal year.
- b. Interim Financial and Budget Procedures. Fiscal Year 2007-2008 financial and budget procedures shall be based upon those financial budget procedures in place for Fiscal Year 2006-2007.
- c. Provisions Applicable to Libraries in County, Rancho Cordova, Elk Grove, Citrus Heights, Galt, and Isleton beginning in Fiscal Year 2008-2009
 - i. Base services

The first priority for funding services at all libraries in the County, Rancho Cordova, Elk Grove, Citrus Heights, Galt, and Isleton shall be to provide Base Services, which is defined as the level of service (hours) provided at these libraries during Fiscal Year 2006-2007, as outlined in Appendix A. Base Services shall include, but not be limited to, all operating costs, such as personnel, collections, utilities, janitorial and grounds maintenance services, and indirect costs.

The Governing Board may adjust the Base Services for these libraries.

- ii. Enhanced Services

Enhanced Services are those services that exceed the Base Services, funded by the Annual Supplemental Funding Amount, as described in subdivision v. of this Section. Enhanced Services in each Party's jurisdiction shall be determined by the Governing Board of that Party. Enhanced Services include direct and indirect costs of providing the services.

Enhanced Services may also be funded by additional contributions from Parties. The funding may include a contribution from the Party's General Fund or other funds, or from the proceeds of a parcel tax, community services district, community facilities district, or other similar funding source. The funding shall be used for the support of library services within the contributing Party's jurisdiction.

iii. Budget for Base Services

The Authority shall prepare an annual Proposed Budget that identifies the direct cost of Base Services for each library. In addition, the Authority shall allocate indirect costs to each library according to an annual cost allocation plan prepared in accordance with Federal Office of Management and Budget Circular A-87.

iv. Funding Sources

All revenues received from the portion of the property tax allocated to the county free library system (County Fund 11) shall be collected by the County Auditor and remitted to the Authority without retention of funds by the County, except for payments due from the Authority to the County pursuant to the agreement dated May 28, 1996 relating to the Authority's pension liabilities to the County, debt service on the North Highlands-Antelope Library, allocated County costs incurred in collecting property taxes as permitted by statute, and as otherwise authorized by the Governing Board of the Authority.

Prior to the beginning of Fiscal Year 2008-2009, the Finance Advisory Committee shall work directly with, and provide recommendations to Authority staff concerning other direct charges charged against County Fund 11.

These libraries shall also be funded by revenues generated by the libraries and by other available funding sources such as state and federal grants, donations, and other revenues.

v. Annual Supplemental Funding Amount

After allocating direct and indirect costs for Base Services and setting aside prudent reserves, the Authority shall calculate the amount of remaining available funds, defined as the Annual Supplemental Funding Amount, which may be used for Enhanced Services.

Annual Supplemental Funding Amounts shall be allocated for use in libraries in Parties' jurisdictions according to the formula outlined in Appendix B. For purposes of this Agreement, the Rancho Cordova Library at 9845 Folsom Boulevard is considered to be located in Rancho Cordova. The Governing Board shall have the authority to revise the formula.

Any annual losses to the Authority's funding resulting from the establishment or expansion of redevelopment project areas within a Party's jurisdiction after the effective date of this Agreement shall be reimbursed to the Authority by deduction from the Party's proportionate share of the Annual Supplemental Funding Amount.

Each Party shall determine how to allocate its proportionate share of the Annual Supplemental Funding Amount for library services. Parties' Annual Supplemental Funding Amount may be used for Enhanced Services such as additional hours of service or additional collection materials, including any additional indirect costs, capital investment, maintenance and repairs, or other library purposes, or may be retained in a reserve held in that Party's name for those purposes.

The Authority will set up reserve accounts within the fund accounting system to track any carryover of Parties' Annual Supplemental Funding Amounts.

d. Provisions Applicable to Libraries in the City of Sacramento beginning Fiscal Year 2008-2009.

Levels of service in City of Sacramento libraries shall be based on the funding available from the City of Sacramento. The City of Sacramento shall notify the Authority of its appropriation for the Authority no later than July 1 of each year.

The Authority shall prepare an annual budget for City of Sacramento libraries that shall include, but not be limited to, all operating costs, such as personnel, collections, utilities, janitorial and grounds maintenance services, and indirect costs. The Authority shall allocate indirect costs according to an annual cost allocation plan prepared in accordance with Federal Office of Management and Budget Circular A-87.

Direct and indirect costs for the operation of City of Sacramento libraries shall be funded by contributions from the City's General Fund and assessment district/parcel tax proceeds.

These libraries shall also be funded by revenues generated by the libraries and by other available funding sources such as state and federal grants, donations, and other revenues.

e. Finance Advisory Committee.

A Finance Advisory Committee shall be established at the staff level. The Committee shall have staff representation from all Parties and shall work directly with, and provide recommendations to, Authority staff on implementing financial provisions of this Agreement, including, but not limited to, Base Services level (Section 11c(i), Appendix A), County Fund 11 direct charges (Section 11c(iv)), supplemental funding allocation formula (Appendix B), facility maintenance and repair funding and capital funding (Section 12), and indirect costs (Section 11c(iii)).

f. Other Financial Provisions.

- i. Special taxes or other similar levies imposed by Parties for library purposes shall be remitted by the Parties to the Authority.
- ii. Special taxes or other similar levies collected within a Party's jurisdiction for library purposes shall be allocated by that Party for Enhanced Services as described in Section 11 hereof (except for the City of Sacramento, which shall continue to fund services with its assessment district/parcel tax funds).
- iii. The Authority shall collect and receive other revenues, such as fees and fines, and shall deposit these other revenues in the appropriate funds.
- iv. The Authority shall collect and receive special revenues for specific purposes, and shall account for these revenues in separate funds as appropriate, and shall expend these funds for the purpose for which they were received.
- v. The Governing Board shall establish prudent reserves.

12. FACILITIES

a. Current Facilities.

This Agreement does not alter the ownership of library facilities. Parties whose facilities are owned by other entities may acquire title by agreement with the current owner, provide their own library facilities, or continue to have them provided by the other entity. For purposes of this Agreement, the Rancho Cordova library at 9845 Folsom Boulevard is considered to be located in Rancho Cordova.

Leased facility costs that are paid from the Authority's General Fund as of the effective date of this Agreement shall continue to be funded as part of Base Services for libraries in those facilities.

b. Future Facilities.

Each Party shall provide capital funding for future facilities within its own jurisdiction, including furniture, fixtures and equipment (FF&E), technology resources, and the opening day collection, and shall be responsible for construction of new and remodeled facilities. FF&E, technology resources, and the opening day collection shall become the property of the Authority when the facility is turned over to the Authority for operation.

Whenever a Party constructs a facility to be operated by the Authority, the Library Director shall advise the Party in all matters regarding the site, design and construction of the facility. The Party and the architects retained by the Party shall consult with the Library Director as often as the latter deems necessary to the proper exercise of his/her responsibilities. The Party shall obtain advance written approval from the Authority of all plans and specifications for the facility.

Parties shall be responsible for funding debt service, lease payments and similar obligations on future library facilities within their jurisdictions. The Annual Supplemental Funding Amount may be used for these obligations.

c. Maintenance and Repair of Facilities.

Parties that own library facilities shall be responsible for all capital improvements and capital repairs made to their respective library facilities, including major repair and replacement of building structure, HVAC systems, plumbing, roofing and other elements. Should the Authority incur any costs for a capital improvement or capital repair, the Authority shall, with appropriate approval of the Party, bill the Party for costs that were the responsibility of the Party.

The Authority shall be responsible for providing and funding janitorial, landscape and other routine maintenance for all facilities.

d. Funding Capital Improvements and Capital Repairs

For libraries in County, Rancho Cordova, Elk Grove, Citrus Heights, Galt, and Isleton, the Governing Board shall develop a methodology for providing necessary funding for capital improvements and capital repairs that shall take into account the fact that some of these costs have historically been paid from County Fund 11. Prior to the beginning of Fiscal Year 2008-2009, the Finance Advisory Committee shall work directly with Authority staff to provide recommendations on implementing this methodology.

Capital improvements and capital repairs for libraries in the City of Sacramento shall be funded by the City of Sacramento.

e. Joint Facilities

The Authority may operate joint library facilities serving more than one Party. The Authority may participate with other entities in the operation of joint use library facilities.

13. ADDITIONAL AND EXPANDED LIBRARIES

The Governing Board shall approve planning for, and operation of, new libraries and expansions of existing libraries. The Governing Board shall annually consider proposals for new libraries and expansions of existing libraries. The Governing Board shall measure and compare existing library square footage per capita, population growth, service demand factors, existing facilities, growth in property tax revenues, the status of other future library capital development proposals, and other appropriate factors for the library service areas of the proposed new and expanded facilities. The Governing Board shall base its decision whether to approve new libraries or expansions of existing libraries on these measurements and other factors related to availability of capital and operating funds for the proposed new libraries and expanded libraries.

Operations at new libraries will be funded at the same level of Base Services as at similar existing libraries.

14. INSURANCE AND INDEMNIFICATION

The Authority shall maintain adequate liability insurance or a self-insurance program for the operation of the library system and shall give the Parties adequate assurance that the Parties, their officers and employees, are not deemed to assume any liability for intentional or negligent acts or omissions of the Authority or any officer or employee thereof.

Except as otherwise provided in this Agreement, the funds of the Authority shall be used to defend, indemnify and hold harmless any member of the Governing Board for his or her actions taken within the scope of the authority of the Authority. Nothing herein shall limit the right of the Authority to purchase insurance to provide this coverage.

The Governing Board shall set any bond requirements for the Library Director, Treasurer, and Auditor.

15. SERVICES PROVIDED TO AUTHORITY BY PARTIES

Any Party may provide system-wide or other services to the Authority, pursuant to contracts entered into between the Party and the Authority, which contract shall provide for payment by the Authority for services rendered based on periodic invoices. These services may include, by way of example only, vehicle maintenance services or security alarm services.

16. ADMISSION OF NEW PARTIES

- a. Incorporation of New Cities. Upon incorporation, a new city in Sacramento County automatically shall have the right to become a Party to the Authority. The right shall be exercised by resolution of its City Council authorizing execution of this Agreement, as it may be amended. New cities shall be funded as set forth in subsection c of Section 11.
- b. Existing Cities. Cities in Sacramento County other than newly incorporated cities may petition the Governing Board to become a Party to the Authority on such terms as the Governing Board may determine and the petitioning city may accept.

17. WITHDRAWAL FROM AUTHORITY

Any Party may withdraw from the Authority as of the end of any fiscal year (but not earlier than June 30, 2010) upon no less than one year's written

notice to the other Parties and to the Authority. Upon withdrawal, a Party shall retain only those capital facilities to which it has title. The Authority shall retain all personal or unsecured property used in the provision of library services, including but not limited to furniture, fixtures, technology resources, equipment, and library collections and materials, except for personal or unsecured property purchased directly by the withdrawing party or as otherwise negotiated between the Authority and the withdrawing party.

Withdrawal by all but one of the Parties shall constitute a termination of the Agreement as of the end of the fiscal year in which the penultimate Party withdraws.

18. DISPOSITION OF AUTHORITY ASSETS AND LIABILITIES UPON TERMINATION

- a. Successor Public Entity. In the event of termination of the Authority where there is a successor public entity, approved by all of the Parties, that will carry on the activities of the Authority and assume its assets, liabilities, obligations and funds, including any interest earned on deposits, remaining upon termination of the Authority and after payment of all obligations, the assets and liabilities of the Authority shall be transferred to the successor public entity.
- b. No Successor Public Entity. If there is no successor public entity that will carry on any of the activities of the Authority or assume any of its assets, liabilities, obligations, and funds, including any interest earned on deposits, remaining upon termination of the Authority and after payment of all obligations, the assets and liabilities shall be returned to the Parties in proportion to the contribution of each Party during the term of its participation in the Authority.
- c. Partial Successor Public Entity. If there is a successor public entity that will undertake some of the functions of the Authority and assume some of its assets, liabilities, obligations, and funds, including any interest earned on deposits, remaining upon termination of the Authority and after payment of all obligations, the assets and liabilities shall be allocated by the Governing Board between the successor public entity and the Parties.
- d. No Termination While Bonds Outstanding. If bonds are issued during the term of this Agreement, then in no event shall the exercise of the powers herein granted be terminated until all bonds so issued and the interest thereon shall have been paid or provision for such payment shall have been made.

- e. Decisions of Governing Board Final. In the event the Authority is terminated under circumstances described in subsection b. or c. above, all decisions of the Governing Board with regard to determinations of assets or liabilities to be transferred to the Parties or any successor entity shall be final.

19. MISCELLANEOUS PROVISIONS

- a. Reports. The Authority shall report annually to each of the Parties on the activities and funding of the Authority.
- b. Amendments. Except as provided in Section 10b or elsewhere in this Agreement, this Agreement may be amended only by mutual agreement of the governing bodies of all of the Parties.
- c. Partial Invalidity. If any provision of this Agreement is determined to be unlawful or invalid, the other provisions of this Agreement shall remain in full force and effect.
- d. Agreement Superseded. This Agreement amends and supersedes the Joint Powers Agreement between the City of Sacramento and the County of Sacramento creating the Sacramento Public Library Authority dated August 31, 1993.
- e. Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same Agreement.
- f. Notices. All notices to be given to a Party under this Agreement shall be in writing and sent by first class mail, postage prepaid, to the City Manager and City Attorney.

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement on the dates set forth below.

COUNTY OF SACRAMENTO

By _____
Chair of the Board of Supervisors
Date: _____

Approved as to form:

Sacramento County Counsel

CITY OF CITRUS HEIGHTS

By _____
Title: _____
Date: _____

Approved as to form:

Citrus Heights City Attorney

CITY OF ELK GROVE

By _____
Title: _____
Date: _____

Approved as to form:

Elk Grove City Attorney

CITY OF GALT

By _____
Title: _____
Date: _____

Approved as to form:

Galt City Attorney

CITY OF ISLETON

By _____
Title: _____
Date: _____

Approved as to form:

Isleton City Attorney

CITY OF RANCHO CORDOVA

By _____
Title: _____
Date: _____

Approved as to form:

Rancho Cordova City Attorney

CITY OF SACRAMENTO

By _____
City Manager
Date: _____

Approved as to form:

Sacramento City Attorney

APPENDIX A

LIBRARY BASE OPEN HOURS 2006/07

County unincorporated, Rancho Cordova, Elk Grove, Citrus Heights, Galt, and Isleton

| Library | Jurisdiction | # of Hours |
|--|-----------------------|------------|
| Arcade | County unincorporated | 43 |
| Arden | County unincorporated | 43 |
| Carmichael | County unincorporated | 43 |
| Courtland | County unincorporated | 27 |
| Elk Grove | Elk Grove | 43 |
| Fair Oaks | County unincorporated | 43 |
| Franklin Franklin open hours are jointly funded by the Authority and the Elk Grove Unified School District as a joint use library. The Authority Base Services level is currently 31 hours per week. Should Franklin ever operate as a public library only (not a joint use library), the Authority would fund its Base Services at a level equal to similar libraries. | Elk Grove | 58.5 |
| Galt | Galt | 35 |
| Isleton | Isleton | 20 |
| North-Highlands Antelope | County unincorporated | 43 |
| Orangevale | County unincorporated | 35 |
| Rancho Cordova | Rancho Cordova | 43 |
| Rio Linda | County unincorporated | 29 |
| Southgate | County unincorporated | 43 |
| Sylvan Oaks | Citrus Heights | 44 |
| Walnut Grove | County unincorporated | 29 |

City of Sacramento

| LIBRARY | # of Hours |
|-------------------------|-------------------|
| Central | 50 |
| Colonial Heights | 43 |
| Belle Coolidge | 43 |
| Del Paso Heights | 35 |
| Martin Luther King, Jr. | 43 |
| McClatchy | 34 |
| McKinley | 36 |
| South Natomas | 43 |
| North Natomas | 43 |
| North Sacramento | 35 |
| Valley-Hi North Laguna | 37 |

APPENDIX B

Supplemental Funding Allocation Formula

Property Tax Percentage

The Authority shall calculate each Party's percentage of property taxes contributed to the county free library system (County Fund 11) (which shall sum to 100%), based on the County Auditor's office calculation of these amounts, including amounts allocated from the Special District Augmentation Board (SDAF), from the most recently completed fiscal year.

NOTE: The methodology for this allocation shall be consistent with the methodology used in the County Auditor's June 5, 2006 report. The methodology will be detailed in a separate document.

Circulation

The Authority shall determine the circulation percentage for each Party from the most recent fiscal year. Circulation percentage shall be defined as the circulation taking place in all libraries within the Party's jurisdiction divided by the total circulation taking place in all libraries within the Authority, as calculated during the period of the most recently completed fiscal year.

NOTE: This definition excludes customer initiated web-based circulation that does not take place within a library building.

Service Area Population

The Authority shall determine the "service area population" percentage for each Party from the most recent fiscal year. Service area population percentage shall be defined as population of the service area served by each library, as determined by library service area mapping.

Annual Supplemental Funding Factor

The Authority shall calculate each Party's "Annual Supplemental Funding Factor" which shall be the average of each Party's percentage of property taxes, each Party's circulation percentage and each Party's service area population percentage. Each Party's supplemental funding factor shall be multiplied by the total Annual Supplemental Funding Amount to determine each Party's proportionate share of the total Annual Supplemental Funding Amount.

SACRAMENTO PUBLIC
LIBRARY AUTHORITY

Joint Exercise of Powers Agreement



Sacramento Public Library

JPA BACKGROUND

- JPA formed in 1993
 - City of Sacramento
 - County of Sacramento
 - Unincorporated area
 - Galt
 - Isleton



NEW CITIES

- **Three new cities formed**
 - Citrus Heights (1997)
 - Elk Grove (2000)
 - Rancho Cordova (2003)
- **Library Authority continued to provide services to new cities**
- **No change in governing structure**



JPA EXPANSION DISCUSSION

- **April 2005 –Library Authority Board Membership Committee**
- **October 2005 – Executive Management Group - JPA Working Group**



Sacramento Public Library

JPA WORKING GROUP

- **City/County/Library staff – 13 meetings**
- **Indirect cost study – DMG Maximus**
- **Benchmark study of governance/resource allocation**
- **County property tax revenue generation**
 - revenue & expense model
 - Service area model
- **Board composition/voting methodology**



JPA WORKING GROUP

- **County Library Fund 11 funding/services**
 - Base level of service/enhanced services
 - Supplemental funding/local control
- **Facility maintenance**
- **Capital project responsibility**
- **Approval of new libraries**



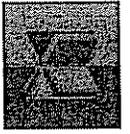
REVIEW

- **Executive Management Group 11-16-06**
- **Executive Management Group 2-15-07**
- **Library Authority Board**
 - **Endorsed Principles 1-25-07**
 - **Endorsed JPA and recommended approval by cities and County 2-22-07**



JPA BOARD

- **Population based allocation**
- **14 members – increase from 9 members**
 - **County Board of Supervisors – 5**
 - **City of Sacramento – 5 (increase from 4)**
 - **City of Citrus Heights – 1**
 - **City of Elk Grove – 1**
 - **City of Rancho Cordova – 1**
 - **City of Galt/City of Isleton – 1 shared**
- **Based on other regional board models**
- **Alternates – any elected official in Sacramento County**



VOTING

- **2 tier voting**
- **Tier 1 – simple majority of members (8)**
- **Tier 2 – 50% of jurisdictions at meeting**
- **All actions must pass both tiers**
- **Based on SACOG model**



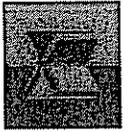
SERVICE LEVELS/FUNDING

- **County unincorporated, Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova**
- **Funded by County Library Fund 11**
- **First priority for funding - base level of services**
 - **Current open hours**
 - **Board can adjust base levels**



SERVICE LEVELS/FUNDING

- **Enhanced services/supplemental funds**
 - **Supplemental funds – after funding base service level**
 - **Supplemental funding distribution formula – circulation, population, property tax revenues**
 - **Library Board can adjust distribution formula**
 - **City Council/Board of Supervisors determine which enhanced services to be funded with supplemental funds**



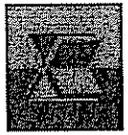
SERVICE LEVELS/FUNDING

- **City of Sacramento**
 - **General Fund (2/3) – subject to annual allocation**
 - **Special tax (1/3) – through 2016**
 - **Service level dependent on annual funding level**
 - **Current service level similar to County level**



FACILITIES

- **Parties that own facility responsible for funding capital improvements/maintenance**
- **Current facility ownership remains the same**
- **If other entity owns facility member can:**
 - **Acquire title**
 - **Provide new facility**
 - **Have facility provided by another entity, e.g. school district**



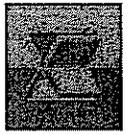
NEW LIBRARIES

- **Library Board approves new libraries and expansions using criteria:**
 - **existing library square footage per capita**
 - **population growth**
 - **service demand factors**
 - **existing facilities**
 - **growth in property tax revenues**
 - **the status of other future library capital development proposals**



OTHER PROVISIONS

- **Provide services to Authority and bill**
- **New cities have right of membership**
- **Staff Finance Advisory Committee**
- **Library Board appoints Director (MLS)**
 - Include City Managers/County Executive
- **Library Board appoints Treasurer, Auditor, legal counsel**



TERMINATION WITHDRAWAL

- **All members stay in for first three years**
- **One year's notice of intent to withdraw**
- **Retain capital facility but no personal or unsecured property, unless purchased with member funds**

