



Joint Powers Authority Operations Committee

George Rodericks, Atherton

Greg Scoles, Belmont (Chair)

Clay Holstine, Brisbane

Carlos Martinez, East Palo Alto

Kevin Miller, Foster City

Magda Gonzalez, Half Moon Bay

Angela Louis, Millbrae

Kevin Woodhouse, Pacifica

Jeremy Dennis, Portola Valley (Vice Chair)

Crystal Mui, San Carlos

Peggy Jensen, San Mateo County

Kevin Bryant, Woodside

**San Mateo County Library Joint Powers Authority
Operations Committee Agenda
January 23, 2018, 1:30 p.m.
Belmont Library, 1110 Alameda de las Pulgas, Belmont**

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| I. Call To Order | Action |
| II. Public Comments | Information |
| III. Approval of the October 30, 2017 Minutes | Action |
| IV. Unapproved Minutes of the Governing Board Meeting of November 6, 2017 | Information |
| V. Financial Audit Report for FY 2016-17 | Action |
| VI. Approval of Amended Library JPA Agreement and Bylaws | Action |
| VII. Approval of Formation of Library Foundation | Action |
| VIII. Approval of Communications Policy | Action |
| IX. FY 2017-18 Mid-Year Report | Action |
| X. Director's Report | Information |
| XI. Operations Committee Members Announcements | Information |
| XII. Adjournment | Action |

2018 Operations Committee Meetings: May 15, June 5, September 11, October 30

2018 Governing Board Meetings: February 5, May 21, June 11, September 17, November 5

If you need special assistance to participate in this meeting, please contact the Library JPA Secretary at (650) 312-8822 at least three working days in advance of the meeting. The Agenda Packet is available online at smcl.org.



San Mateo County Libraries Joint Powers Authority
Operations Committee Meeting
Minutes of October 30, 2017

Board Members Present:

Greg Scoles, Belmont (Chair)
Jeremy Dennis, Portola Valley (Vice Chair)
George Rodericks, Atherton
Carlos Martinez, East Palo Alto
Kevin Miller, Foster City
Matthew Chidester, Half Moon Bay
Kevin Woodhouse, Pacifica
Crystal Mui, San Carlos
Kevin Bryant, Woodside
Peggy Jensen, San Mateo County

Staff Present:

Anne-Marie Despain
Carine Risley
Danae Ramirez
Karina Labrenz

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- I. Call to Order. The meeting was called to order at 11:01 a.m.
 - II. Public Comments. None.
 - III. Approval of the September 12, 2017 Minutes. Meeting minutes approved without changes (MSP: Bryant/Dennis). Director Despain added that staff followed up on the Committee's question about liability issues associated with implementation of the Makerspace Master Plan. The County's Risk Manager has confirmed that the County's insurance will cover these activities.
 - IV. Unapproved Minutes of the Governing Board Meeting of September 18, 2017. Information item only.
 - V. Approval of Library Policies. Director Despain provided an overview of the report and the three policies staff are recommending for approval. Chair Scoles questioned the annual review of the Investment Policy and recommended that it be reviewed periodically or as needed. Vice Chair Dennis asked if performance of investments has been reviewed. Director Despain responded that yes, the Governing Board recently had this discussion and reaffirmed that safety was a higher priority than yield.

Motion: Recommend JPA Operations Committee approve the Communications Policy, the Procurement Policy, and the Investment Policy with the recommendation that the latter policy be reviewed periodically rather than annually. Passed (MSP: Bryant/Miller).

- VI. East Palo Alto Library Needs Assessment. Director Despain provided an overview of the East Palo Alto Library Needs Assessment. Fog Studio was hired to study remodeling and expansion options; their report recommends that in order to meet community needs, the facility would need to increase from 7,680 square feet to a range of 21,000-27,000 square feet. Library staff is exploring potential partnerships, in particular with the John & Marcia Goldman Foundation which is currently developing a Youth Arts & Music Center on a three acre parcel, of which one acre is unused. The City Council has expressed their support for this opportunity.

Motion: Recommend JPA Operations Committee accept the East Palo Alto Library Needs Assessment report. Passed (MSP: Rodericks/Dennis).

- VII. 2018 Library JPA Meeting Schedule. Director Despain provided an overview of the 2018 Library JPA Meeting Schedule. Chair Scoles suggested to change the January date for the Operations Committee from January 30 to January 23 due to a conflict with the annual City Manager meeting in Southern California.

Motion: Recommend JPA Operations Committee approve the proposed 2018 Library JPA Operations Committee Meeting Schedule with the proposed change in date for January. Passed (MSP: Bryant/Mui).

- VIII. Director's Report. Director Despain highlighted some of the items in the Director's Report. The Library received the Top Innovator Library Award from the Urban Libraries Council for the Big Lift Inspiring Summers program. Fine-free Youth Library Cards led to a 28% increase in children's circulation. The same library card program is planned for Seniors in January. Member Mui asked whether there is a higher return of late items due to these programs. Staff will research this and report back. The 2018 Holiday and Closure schedule was included, one more day in May will be included once the system's annual Staff Development Day is confirmed. Library projects were reviewed, and Member Woodhouse stated that there won't be another update on the Pacifica Library Project until 2018.

- IX. Operations Committee Members Announcements. Member Jensen talked about the Community Conversation programs she has been involved with and offered her notes to members interested.

- X. Adjournment. The meeting adjourned at 11:37 a.m.

- XI. Convene Closed Session: Public Employee Performance Evaluation-Closed Session pursuant to Government Code Section 54957 (Director of Library Services). The meeting convened at 11:39 a.m.

- XII. Reconvene Regular Meeting. The meeting reconvened at 11:56 a.m. No reportable item.

- XIII. Adjournment. The meeting adjourned at 11:58 a.m.



San Mateo County Libraries Joint Powers Authority
Governing Board Meeting
Minutes of November 6, 2017

Board Members Present:

Anne Kasten, Woodside (Chair)
Charles Stone, Belmont (Vice Chair)
Rick DeGolia, Atherton
Lori Liu, Brisbane
Donna Rutherford, East Palo Alto
Gary Pollard, Foster City
Rick Kowalczyk, Half Moon Bay
Reuben Holober, Millbrae
Maryann Derwin, Portola Valley
Cameron Johnson, San Carlos
Carole Groom, San Mateo County

Staff Present:

Anne-Marie Despain
Nicole Pasini
Carine Risley
Danae Ramirez
Karina Labrenz

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- I. Call to Order. The meeting was called to order at 8:17 a.m.
 - II. Public Comments. Lynne Branlett, Menlo Park Library Commissioner, introduced herself and stated that she wanted to learn about San Mateo County Libraries. She complimented the system on its method of organizing, innovative programs, and friendly and helpful employees.
 - III. Approval of the Sept. 18, 2017 Minutes. Meeting minutes approved without changes (MSP: Stone/Kowalczyk).
 - IV. Approval of Library Policies. Director Despain provided an overview of the report and the three policies staff are recommending for approval. The Operations Committee approved the policies, recommending that the Investment Policy be approved periodically instead of yearly. The Communications Policy is being updated to reflect best practices and make the process of taking photographs at programs easier on staff by eliminating the need for a media release at each event. The outdated Purchasing Policy, last approved in December 2000, is being replaced with a new Procurement Policy which follows County guidelines and will provide more signing flexibility. A discussion ensued.

Vice Chair Stone advocated in the Communications Policy to have employees identify themselves as a library employee and include the following sentence in their profile on their respective social media pages: "The views expressed are mine alone and do not necessarily reflect the views of the San Mateo County Libraries.

Regarding the Procurement Policy, several members expressed concern about the proposed changes to the policy and the need for additional transparency. They also expressed confidence in the Library's leadership and did not want to create any additional burden. Member DeGolia asked for information on contracts over 50K and notification, like a list, to the Board of contracts signed. Chair Kasten thought getting input from the Operations Committee may be helpful. Member Johnson stated that from his perspective the annual budget cycle and audit provide adequate checks and controls and if the goal is to improve efficiency he supported the policy as proposed. Member Liu suggested staff prepare an annual or bi-annual report of the issued contracts. Director Despain explained the current process and offered to include additional information regarding the Library's selection process in future Director's Reports. Vice Chair Stone suggested attaching check registers to every agenda. Director Despain suggested that staff provide a link to Open Data as the library is already participating with this on the County's website. Member Holober suggested that instead of including all minor transactions, the Board may want to attach an over a certain dollar amount. Member Kowalczyk stated that transparency on the purchasing selection process was needed and staff should document the process of selection. Member Pollard observed that receiving a list of signed contracts or check registers is after the fact and seems unnecessary work. Member Johnson suggested moving forward with the current policies and directing staff to consider ways to increase transparency without increasing staff work.

Motion: Recommend JPA Governing Board approve the Investment Policy, Procurement Policy, and the Communications Policy. Staff will update the Communications Policy based on Governing Board input and bring it back for approval. Passed (MSP: Johnson/Pollard).

- V. East Palo Alto Library Needs Assessment. Director Despain provided an overview of the East Palo Alto Library Needs Assessment. Fog Studio was hired to study remodeling and expansion options; their report recommends that in order to meet community needs, the facility would need to increase from 7,680 square feet to a range of 21,000-27,000 square feet. Library staff is exploring a potential partnerships, in particular with the John & Marcia Goldman Foundation which is currently developing a Youth Arts & Music Center on a three acre parcel, of which one acre is unused. The City Council has expressed their support for this opportunity. Member Rutherford talked about the significant need for a new library and that Council will be setting Member Derwin expressed her support for a new library and suggested that perhaps other communities such as Portola Valley could help; Members Groom and Kowalczyk offered their support and assistance as well.

Motion: Recommend JPA Governing Board accept the East Palo Alto Library Needs Assessment report. Passed (MSP: Stone/Groom).

- VI. 2018 Library JPA Meeting Schedule. Director Despain provided an overview of the 2018 Library JPA Meeting Schedule.

Motion: Recommend JPA Governing Board approve the proposed 2018 Library JPA Meeting Schedule. Passed (MSP: Stone/Pollard).

- VII. Director's Report. Director Despain highlighted some of the items in the Director's Report. The Library received the Top Innovator Library Award from the Urban Libraries Council for the Big Lift Inspiring Summers program. Fine-free Youth Library Cards led to a 28% increase in children's circulation. The same library card program is planned for Seniors to begin in January. The 2018 Holiday and Closure schedule was included, one more day in May will be included once the system's annual Staff Development Day is confirmed.
- VIII. Board Members Announcements. Member Groom praised the Belmont Library for hosting the Women's Hall of Fame presentation which will rotate to other libraries.
- IX. Adjournment. The meeting adjourned at 9:17 a.m.
- X. Convene Closed Session: Public Employee Performance Evaluation Closed Session pursuant to Government Code Section 54957 (Director of Library Services). The meeting convened at 9:19 a.m.
- XI. Reconvene Regular Meeting. The meeting reconvened at 9:34 a.m. No reportable item.
- XII. Adjournment. The meeting adjourned at 9:35 a.m.



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Danae Ramirez, Financial Services Manager
Date: January 17, 2018
Meeting: January 23, 2018
Re: Financial Audit Report for FY 2016-17

Background

San Mateo County Libraries contracts with a qualified independent Certified Public Accountant to annually audit the financial statements from the prior year. An audit of financial statements includes testing of internal controls as well as identification of matters relevant to the Library's responsibility in overseeing financial procedures and reporting.

Discussion

JJACPA, Inc., has completed the audit for the Library's basic financial statements for the year ended June 30, 2017. Attached are their following reports: 1) Communication With Those Charged With Governance and Communication of Internal Control Related Matters and 2) Basic Financial Statements for the Year Ended June 30, 2017.

Highlights of the Communication of Internal Control Related Matters are noted below:

- There were no matters uncovered which would require reporting under professional accounting standards about 1) the methods used to account for significant unusual transactions and 2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance.
- There were no identified deficiencies in internal controls considered to be material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, tests performed of its legal and regulatory compliance disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Highlights of the Basic Financial Statements for the Year Ended June 30, 2017, are noted below:

- The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34, the Library has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the Library's operations.
- At June 30, 2017, the Library's net position increased to \$23,425,166 from \$21,595,908 in 2016, all shown in the Governmental Funds Balance Sheet/Statement of Net Position on Page 12 of the Basic Financial Statements report.
- Operating expenses increased by \$755,703 principally from increases associated with personnel costs including negotiated COLA's and benefits, and the purchase of library materials; offset by one-time County Measure K supported facility improvement projects.
- Program revenues increased by \$132,726 principally from revenue associated with Redevelopment Agency funds, donations and friends support; offset by decreases in Library fines and one-time County Measure K supported facility improvement projects. General revenues increased by \$1,559,379 principally from Big Lift Inspiring Summers and use of donor funds to support the Woodside Library renovation.
- Additionally, the year was marked with a number of significant accomplishments and system improvements reflecting the Library's values and priorities and highlighted on pages 3-5 of the report.

Fiscal Impact

There is no fiscal impact associated with accepting this report.

Recommendation

Recommend Library JPA Operations Committee accept the Financial Audit Report for FY 2016-17.

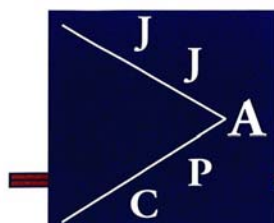
Attachments

1. Communication With Those Charged With Governance and Communication of Internal Control Related Matters
2. Basic Financial Statements for the Year Ended June 30, 2017

SAN MATEO COUNTY LIBRARY JPA

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2017



JJACPA, Inc.

A Professional Accounting Services Corp.

December 18, 2017

To the Governing Board
San Mateo County Library
San Mateo, California

We have audited the basic financial statements of the San Mateo County Library as of and for the year ended June 30, 2017, and have issued our report thereon dated December 18, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 29, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the San Mateo County Library solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the San Mateo County Library is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives").

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g. infrastructure) as well as industry standards, when applicable (i.e. buildings). We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the San Mateo County Library's financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the San Mateo County Library's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter December 18, 2017.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the San Mateo County Library, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the San Mateo County Library, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements of San Mateo County Library as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered San Mateo County Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of San Mateo County Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

These communications are intended solely for the information and use of the Governing Board and management of the San Mateo County Library and are not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph J. Arch, CPA

JOSEPH J. ARCH, CPA

President/CEO

JJACPA, INC.

SAN MATEO COUNTY LIBRARY
JOINT POWERS AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017

San Mateo County Library Joint Powers Authority
Basic Financial Statements
For the year ended June 30, 2017

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Position	12
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities	13
Notes to Basic Financial Statements	14
Required Supplementary Information	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	28

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the
San Mateo County Library Joint Powers Authority
San Mateo, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the San Mateo County Library Joint Powers Authority (Library) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Library's June 30, 2016, financial statements in which an unqualified opinion was expressed on those financial statements.

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.

Auditor's 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 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 and the budgetary comparison information of the Library, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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 management's discussion and analysis 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of the Library'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 the Library's internal control over financial reporting and compliance.

December 18, 2017

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

San Mateo County Library Joint Powers Authority

Management's Discussion and Analysis

For the year ended June 30, 2017

Management's Discussion and Analysis

This section of the San Mateo County Library Joint Powers Authority's (Library) basic financial statements presents management's discussion and analysis of the Library's financial performance during the fiscal year ended June 30, 2017. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with the Library's basic financial statements (pages 12 and 13) and the footnotes (pages 14 - 23).

Financial Highlights & Accomplishments

At June 30, 2017, the Library's net position increased to \$23,425,166 from \$21,595,908 in 2016, which includes additions of \$214,740 in capital asset purchases, all shown in the Governmental Funds Balance Sheet/Statement of Net Position on Page 12. Additionally, changes to net position resulted from the following items shown in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities on Page 13:

- Operating expenses increased \$755,703 principally from increases associated with personnel costs including negotiated COLA's and benefits, and the purchase of library materials; offset by one-time County Measure K supported facility improvement projects.
- Program revenues increased by \$132,726 principally from revenue associated with Redevelopment Agency funds, donations and Friends support; offset by decreases in Library fines and one-time County Measure K supported facility improvement projects. General revenues increased by \$1,559,379 principally from Big Lift Inspiring Summers and use of donor funds to support the Woodside Library renovation.

The year was marked with a number of significant accomplishments and system improvements reflecting the Library's values and priorities. Some of these include:

- Big Lift Inspiring Summers, funded primarily through County Measure K funds, is the kind of rich academic and experiential learning camp that is usually out of reach for low-income families. Inspiring Summers consists of full-day, five-week camps, with San Mateo County Libraries' interns providing project-based, hands-on STEM learning activities.
- In the fall of 2016, San Mateo County Libraries launched a special Youth Library Card, using distinctive artwork from four award-winning illustrators to encourage library card sign-ups. With the launch of these cards, we also eliminated fines, which have prevented youth from accessing the many life-changing library services we offer.

San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

Financial Highlights & Accomplishments – continued

- The Summer Learning Challenge engaged the vast majority of the children and youth in our service population through a robust outreach program and a wide range of learning activities to prevent and reverse summer learning loss. With support from County Measure K funds, we expanded our outreach efforts--exceeding our own ambitious enrollment goals. Every child received a free book to keep and a log to track progress. We kept them involved through exciting programs that ranged from crafts and Lego engineering workshops to bilingual musical performances. At summer's end, participants were entered into a drawing for a \$1,000 scholarship to support and encourage their college aspirations. To support this communitywide program, dozens of high-school interns provided outreach and hands-on learning experiences.
- Everyone is a Maker! San Mateo County Libraries are transforming into community workshops, laboratories, and studios where people come to activate their imaginations and build their capabilities as makers, inventors, artists and musicians. To provide the greatest opportunities for growth and exploration in these areas, we initiated a master planning process with support from Gyroscopic, Inc.,—a design studio that creates award-winning learning environments in museums and libraries. We surveyed 1,400 community members and convened four public meetings to develop a comprehensive plan that includes dedicated and mobile makerspaces, flexible skills development and opportunities for all members of community to be makers through collaboration, tools and the power of their imaginations. Together, we arrived at the shared vision that “Everyone is a Maker” and we are excited to bring hackers, tinkerers, artists and crafters of all backgrounds to our Libraries for open-source learning, design thinking and to build on this incredible movement and culture of learning by creating.
- San Mateo County Libraries are the leading provider of free bandwidth and technology to our communities—ensuring that all of our residents have access to the opportunities that are only available in a connected world. Using national benchmarks for public libraries, San Mateo County Libraries have made significant, measurable gains in improving public technology services in the community. Our 2016 assessment showed robust growth and gains in the vast majority of assessment areas, with a 27% improvement in our overall score. These gains are the result of new and continued services, such as public availability of maker equipment like 3D printers, robotics, music recording and Arduino boards; early literacy technologies; programs for kids and teens in video game creation and coding; online access to technology training videos, language computer classes, test preparation courses and a high school diploma program; our innovative technology lending program which includes WiFi hotspots, laptops and tablets; and finally, our free bandwidth, which exceeds the highest benchmark set by the national assessment.
- San Mateo Libraries increased our innovative, non-traditional collections that reflect our community's dynamic interests and learning styles. Hiking backpacks – equipped with a compass, field guides, trail maps, and binoculars –facilitate outdoor, experiential learning. We complemented the backpacks with San Mateo County Park Ranger-led hikes that offered naturalist and historical content. Ukuleles at all of our libraries promote musicianship at every level and are provided along with classes and singalongs. In addition to the physical, emotional and cognitive benefits of hiking and music, these two collections promote shared learning and positive community experiences. We also partnered with San Mateo County's Office of Sustainability to offer water and energy saving toolkits, which help households save money while reducing our community's carbon footprint.

San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

Financial Highlights & Accomplishments – continued

- San Mateo County Libraries launched the Lookmobile, our first interactive outdoor learning space, which, along with the Fog Tricycle, transforms outdoor public spaces and activates the imagination of visitors through hands-on learning experiences. Designed in partnership with the Exploratorium, this mobile learning lab has redefined not only where, but how we serve our many communities. The Lookmobile offers a variety of activities that promote inquiry-based learning including; perspective drawing windows, a pinhole camera wall, a periscope and maps of our region's physical, social and cultural landscapes. The Fog Tricycle reproduces our region's distinctive fogbelt on a portable scale. Visitors blow, push and swirl thick clouds of water vapor, replicating the fog formations that cling to the San Mateo County coastline. The Lookmobile and Fog Tricycle have traveled to all of our communities and Big Lift Inspiring Summers sites and are helping reimagine libraries as providers of creative, cutting-edge learning experiences.
- San Mateo County Libraries said goodbye to the old Half Moon Bay Library that had served the community for 45 years and broke ground on the new 22,000-square foot Half Moon Bay Library. When the new Library opens in late summer 2018, it will provide technology and flexibly designed spaces to fulfill a wide range of needs including: larger children's activity and reading areas, teen room, a dedicated makerspace, quiet reading room, indoor/outdoor gathering places, improved flow and access to unparalleled reading and learning materials, and spaces to provide arts, entertainment, and cultural programming as well as literacy services, job training, wellness workshops and expanded technology offerings. Designed with the Coastside's long-term needs in mind, the project uses sustainable building practices, and includes solar panels to reduce the library's carbon footprint.

Using This Report

In December 1998, the Governmental Accounting Standards Board (GASB) released statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which revised the reporting of property tax revenue. In June 1999, GASB released Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Changes in Statement No. 34 require a comprehensive presentation for the entity as a whole and conversion of fund based information to this entity wide perspective. The major reconciling items necessary were capitalization and depreciation of capital assets and recording of long-term compensated absences. The Library has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the Library's operations.

The annual financial statements include the Independent Auditor's Report, this management's discussion and analysis, the basic financial statements, and notes to basic financial statements and required supplementary information.

San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

Financial Analysis of the Library as a Whole

Net Position				
As of June 30, 2017 and 2016				
	2017	2016	Increase (Decrease)	Percent Change
Assets:				
Current assets	\$ 34,983,882	\$ 31,216,669	\$ 3,767,213	12.1%
Non-current assets	1,650,669	1,729,718	(79,049)	-4.6%
Total assets	36,634,551	32,946,387	3,688,164	11.2%
Liabilities				
Current liabilities	12,795,791	10,951,265	1,844,526	16.8%
Non-current liabilities	413,594	399,214	14,380	3.6%
Total liabilities	13,209,385	11,350,479	1,858,906	16.4%
Net position:				
Net investment in capital assets	1,650,669	1,729,718	(79,049)	-4.6%
Unrestricted	21,774,497	19,866,190	1,908,307	9.6%
Total net position	\$ 23,425,166	\$ 21,595,908	\$ 1,829,258	8.5%

This schedule is prepared from the Library's Statement of Net Position (page 12), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net position at June 30, 2017, increased to \$23,425,166 from \$21,595,908 in 2016 primarily due to increases in capital assets. The Library has compensated absences of \$413,594 at year-end. Current liabilities consisted of accounts payable with the accompanying sales tax payable as well as accrued payroll for contracted salaries and benefits.

San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

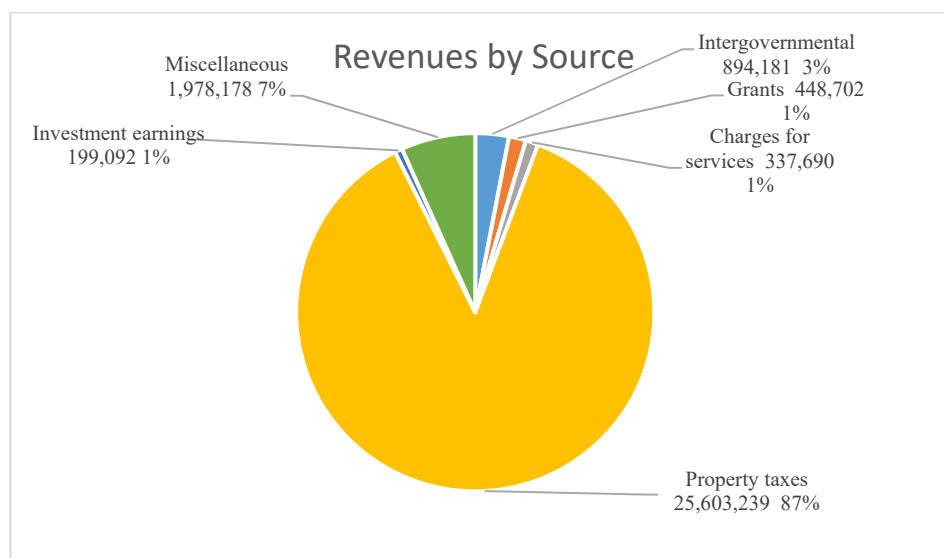
Financial Analysis of the Library as a Whole – continued

Operating Results
For the years ended June 30, 2017 and 2016

	2017	2016	Increase (Decrease)	Percent Change
Operating expenses	\$ 27,631,824	\$ 26,876,121	\$ 755,703	2.8%
Program revenue:				
Intergovernmental	894,181	782,426	111,755	14.3%
Grants	448,702	407,365	41,337	10.1%
Charges for services	337,690	358,056	(20,366)	-5.7%
Total program revenue	1,680,573	1,547,847	132,726	8.6%
Net operating expenses	25,951,251	25,328,274	622,977	2.5%
General revenue:				
Property taxes	25,603,239	25,182,925	420,314	1.7%
Investment earnings	199,092	163,532	35,560	21.7%
Miscellaneous	1,978,178	874,693	1,103,485	126.2%
Total general revenue	27,780,509	26,221,150	1,559,359	5.9%
Increase in net position	1,829,258	892,876	936,382	104.9%
Net position:				
Beginning of the year	21,595,908	20,703,032	892,876	4.3%
End of the year	<u>\$ 23,425,166</u>	<u>\$ 21,595,908</u>	<u>\$ 1,829,258</u>	8.5%

Program revenues increased by \$132,726, due to revenue associated with the dissolution of Redevelopment Agencies, grants and donation; offset by decreases in library fines collected. General revenues increased by \$1,559,359 principally from secured and unsecured property taxes, additional investment earnings and the Big Lift.

The following is a graphic illustration of revenues by source for the year ended June 30, 2017:



San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

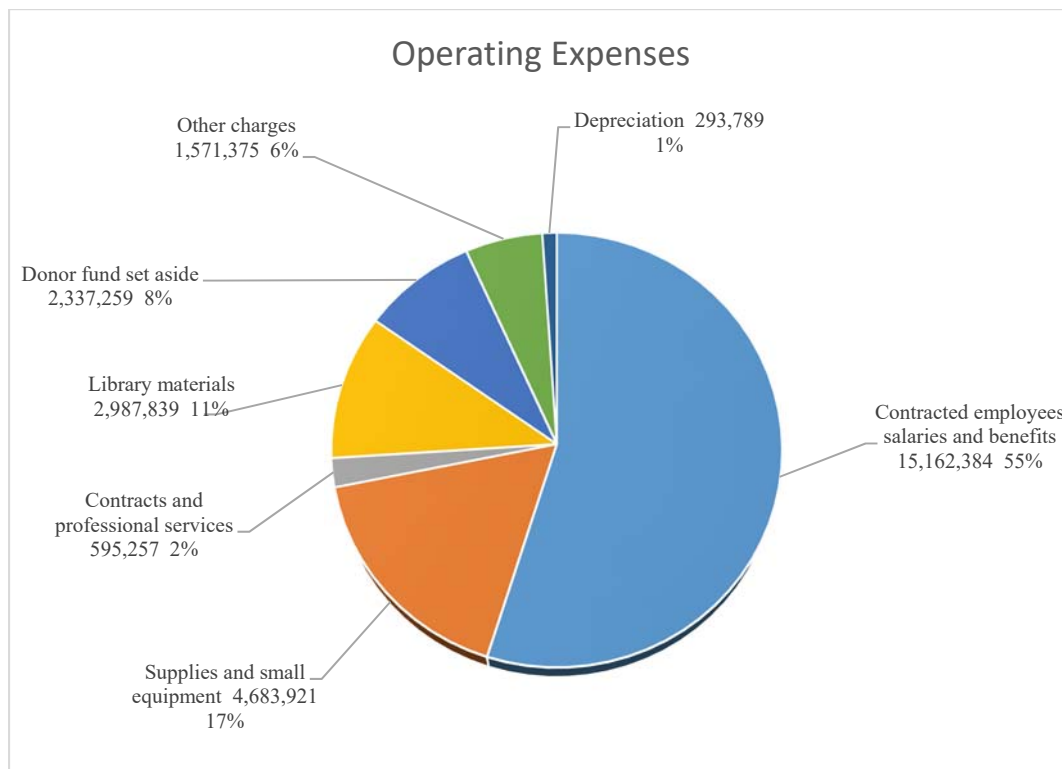
Financial Analysis of the Library as a Whole – continued

Operating Expenses
For the years ended June 30, 2017 and 2016

	2017	2016	Increase (Decrease)	Percent Change
Operating expense:				
Contracted employees salaries and benefits	\$ 15,162,384	\$ 14,638,009	\$ 524,375	3.6%
Supplies and small equipment	4,683,921	5,159,736	(475,815)	-9.2%
Contracts and professional services	595,257	905,459	(310,202)	-34.3%
Library materials	2,987,839	2,264,664	723,175	31.9%
Donor fund set aside	2,337,259	2,181,274	155,985	7.2%
Other charges	1,571,375	1,454,664	116,711	8.0%
Depreciation	293,789	272,315	21,474	7.9%
Total operating expenses	\$ 27,631,824	\$ 26,876,121	\$ 755,703	2.8%
Net investment in capital assets	\$ 1,650,669	\$ 1,729,718	\$ (79,049)	(4.6)%

Operating expenses for fiscal 2017 increased by \$755,703 or 2.8% principally from increases associated with personnel costs including negotiated COLA's and benefits, and the purchase of library materials; offset by one-time County Measure K supported facility improvement projects.

The following is a graphic illustration of operating expenses for June 30, 2017:



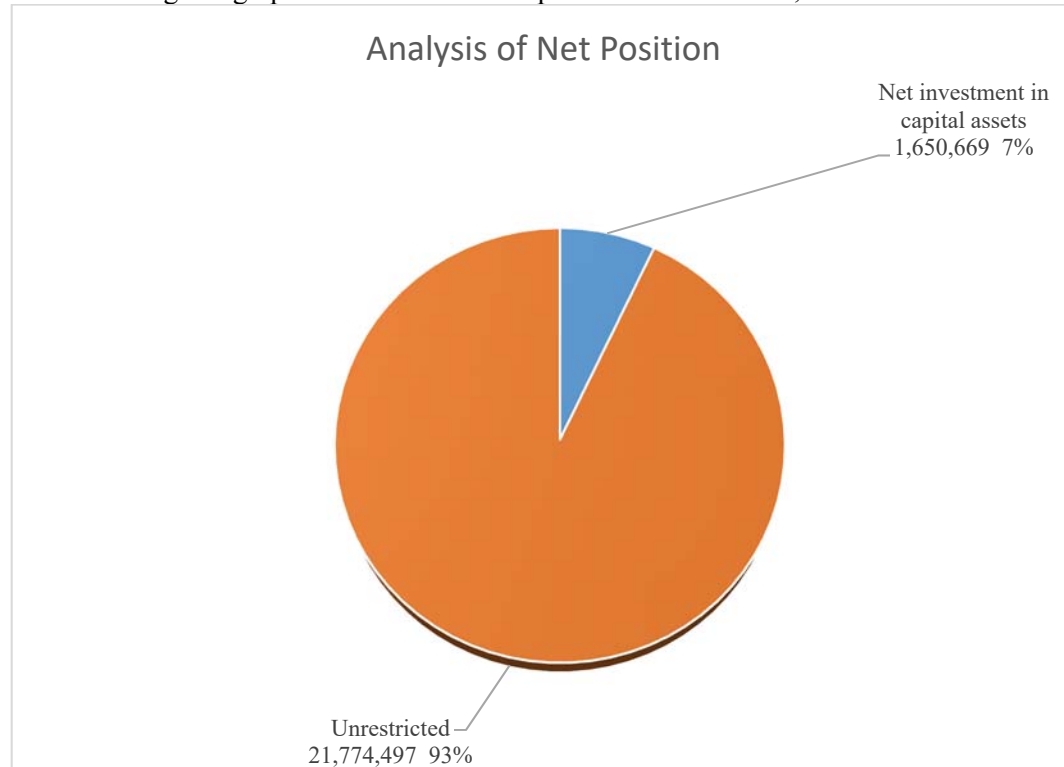
San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

Financial Analysis of the Library as a Whole – continued

Analysis of Net Position As of June 30, 2017 and 2016				
	2017	2016	Increase (Decrease)	Percent Change
Net Position:				
Net investment in capital assets	\$ 1,650,669	\$ 1,729,718	\$ (79,049)	(4.6)%
Unrestricted	21,774,497	19,866,190	1,908,307	9.6%
Total	<u>\$ 23,425,166</u>	<u>\$ 21,595,908</u>	<u>\$ 1,829,258</u>	8.5%

The \$1,829,258 increase in net position is primarily due to increases in property taxes and program revenues.

The following is a graphic illustration of net position as of June 30, 2017:



San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the Library budget for fiscal year 2017-2018, the Governing Board and management used the following criteria:

The key assumptions in the revenue forecast were:

1. Property tax revenues are expected to increase at a rate of 5% based on actual receipts in the current year and growth in prices and appraised property values. Library revenue from secured property taxes (taxes assessed against real property) is estimated at \$19.9 million, and unsecured taxes (taxes on aircraft and commercial equipment largely generated from businesses at San Francisco International Airport) are estimated at \$969,600.
2. Continued State transfer of excess Educational Revenue Augmentation Fund (ERAF) revenue is estimated at \$3,100,000.

The adopted budget for the new fiscal year 2017-2018 was \$52,774,309 and is summarized as follows:

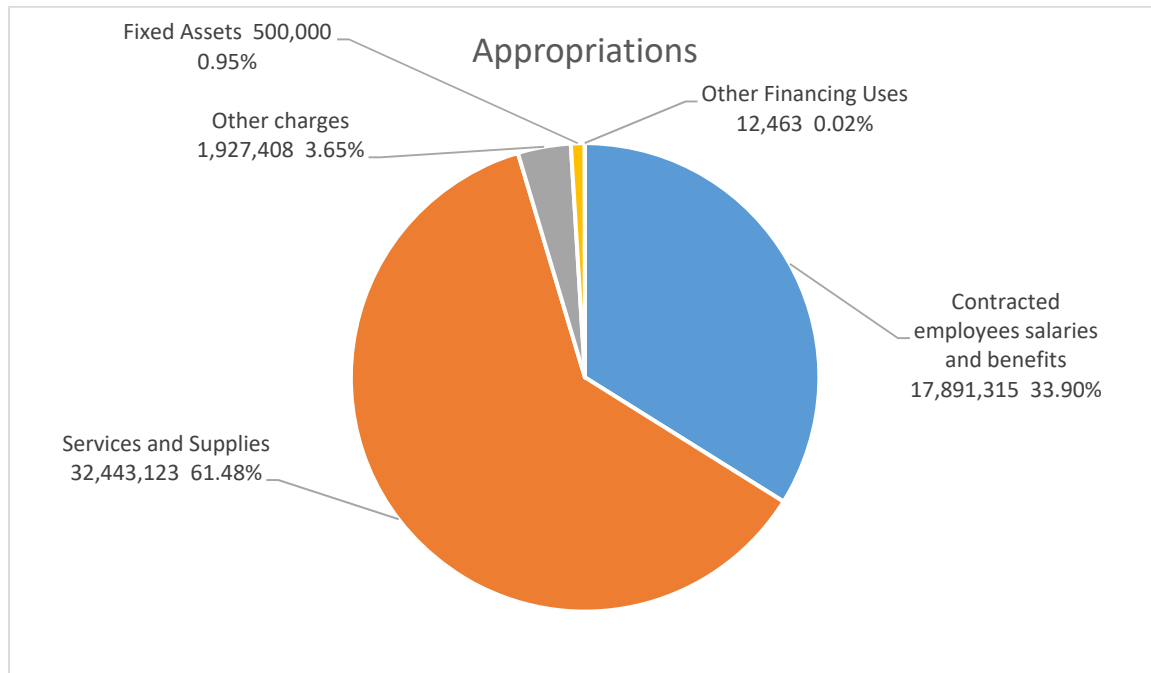
	FY 2017-18	FY 2016-17	Increase (Decrease)	Percentage change
Contracted employees salaries and benefits	\$ 17,891,315	\$ 16,378,863	\$ 1,512,452	9.2%
Services and Supplies	32,443,123	33,600,582	(1,157,459)	-3.4%
Other charges	1,927,408	1,526,851	400,557	26.2%
Fixed Assets	500,000	739,000	(239,000)	-32.3%
Other Financing Uses	12,463	12,352	111	0.9%
Total budget	\$ 52,774,309	\$ 52,257,648	\$ 516,661	1.0%

1. Contracted employee's salaries and benefits – Shows an increase of 9.2% primarily due to negotiated cost of living adjustments, merit increases, benefit adjustments, and additional support for the use of extra help staff.
2. Services and Supplies – Shows a decrease of 3.4% and is primarily due to the purchase of information technology designed to increase public access to the web and digital materials, and carry over of one-time facility and space projects.
3. Other charges – Shows an increase of 26.2% and is primarily due to adjustments to accurately capture phone and computer network costs, vehicle charges, and human resources and payroll support and increased security costs.
4. Fixed Assets – Shows a decrease of 32.3% and reflects tangible assets valued at \$5,000 or greater including the carryover of two mobile interactive learning exhibits.
5. Other Financing Uses – Shows an increase of .9% and is due to adjustments to accurately capture public works facility charges.

**San Mateo County Library Joint Powers Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES – continued

The following is a graphic illustration of appropriations for fiscal year 2017-18:



Contacting the Library

This financial report is designed to provide customers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives and is allocated to it. For questions about this report, contact the San Mateo County Library Joint Powers Authority, 125 Lessingia Court, San Mateo, CA 94402, telephone number (650) 312-5236.

San Mateo County Library Joint Powers Authority
Governmental Funds Balance Sheet/Statement of Net Position
June 30, 2017
(With comparative totals for June 30, 2016)

	General Fund	Adjustments (Note 5)	Statement of Net Position	2016
ASSETS				
Cash and investments	\$ 26,778,878	\$ -	\$ 26,778,878	\$ 24,363,171
Cash and investments - restricted	8,137,974	-	8,137,974	6,803,149
Interest receivable	67,030	-	67,030	50,349
Other receivables	-	-	-	-
Capital assets, net of accumulated depreciation	-	1,650,669	1,650,669	1,729,718
Total assets	\$ 34,983,882	\$ 1,650,669	\$ 36,634,551	\$ 32,946,387
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and sales tax payable	\$ 1,899,396	\$ -	\$ 1,899,396	\$ 1,724,442
Other current liabilities	2,006,583	-	2,006,583	1,778,768
Eligible donor fund set aside	8,137,974	-	8,137,974	6,803,149
Accrued payroll	751,838	-	751,838	644,906
Compensated absences	-	413,594	413,594	399,214
Total liabilities	12,795,791	413,594	13,209,385	11,350,479
Fund balances/Net position:				
Nonspendable	2,070	(2,070)	-	-
Committed	22,186,021	(22,186,021)	-	-
Total fund balances	22,188,091	(22,188,091)	-	-
Total liabilities and fund balances	\$ 34,983,882			
NET POSITION				
Net investment in capital assets		1,650,669	1,650,669	1,729,718
Unrestricted		21,774,497	21,774,497	19,866,190
Total net position		\$ 23,425,166	23,425,166	21,595,908
Total liabilities and net position			\$ 36,634,551	\$ 32,946,387

The accompanying notes are an integral part of these financial statements

San Mateo County Library Joint Powers Authority
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities
For the year ended June 30, 2017
(With comparative totals for the year ended June 30, 2016)

	General Fund	Adjustments (Note 6)	Statement of Activities	2016
EXPENDITURES/EXPENSES:				
Contracted employees salaries and benefits	\$ 15,148,004	\$ 14,380	\$ 15,162,384	\$ 14,638,009
Supplies and small equipment	4,683,921	-	4,683,921	5,159,736
Contracts and professional services	595,257	-	595,257	905,459
Library materials	2,987,839	-	2,987,839	2,264,664
Donor fund set aside	2,337,259	-	2,337,259	2,181,274
Other charges	1,571,375	-	1,571,375	1,454,664
Capital outlay	214,740	(214,740)	-	-
Depreciation	-	293,789	293,789	272,315
Total expenditures/expenses	27,538,395	93,429	27,631,824	26,876,121
REVENUES:				
Program revenues:				
Intergovernmental	894,181	-	894,181	782,426
Grants	448,702	-	448,702	407,365
Charges for services	337,690	-	337,690	358,056
Total program revenues	1,680,573	-	1,680,573	1,547,847
Net program expense	25,857,822	93,429	25,951,251	25,328,274
General revenues:				
Property taxes	25,603,239	-	25,603,239	25,182,925
Investment earnings	199,092	-	199,092	163,532
Miscellaneous	1,978,178	-	1,978,178	874,693
Total general revenues	27,780,509	-	27,780,509	26,221,150
REVENUES OVER (UNDER)				
EXPENDITURES	1,922,687			
OTHER FINANCING SOURCES (USES):				
Loss on disposal of assets	-	-	-	-
Total other financing sources (uses):	-	-	-	-
CHANGE IN NET POSITION		(93,429)	1,829,258	892,876
FUND BALANCES/NET POSITION:				
Beginning of the year	20,265,404	1,330,504	21,595,908	20,703,032
End of the year	<u>\$ 22,188,091</u>	<u>\$ 1,237,075</u>	<u>\$ 23,425,166</u>	<u>\$ 21,595,908</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The San Mateo County Library Joint Powers Authority (Library) is a Joint Exercise of Powers Agency, which is a library service organization comprised of the cities of Atherton, Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley, San Carlos, and Woodside and the County of San Mateo. The Library was formed on January 11, 1999, under Government Code Section 6500 et. seq. A restated Joint Powers Agreement was approved by the Governing Board and its member agencies and took effect as of May 31, 2004, to clarify various administrative, property, and service issues, which were not included in the original agreement.

The Library is governed by a Board consisting of representatives from each member entity. Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, and otherwise influence operations and account for fiscal matters is exercised by the Library's Governing Board. The Library is a separate reporting entity for financial reporting purposes and the accompanying financial statements reflect the assets, liabilities, fund balances/net position, revenues, and expenditures/expenses of the Library only.

The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies:

In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* the Library has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for the Library's operations.

A. Reporting Entity

As defined by GASB Statement No. 39, *The Financial Reporting Entity*, the Library is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the Library are such that exclusion would cause the Library's financial statements to be misleading or incomplete. In addition, based upon the above criteria, the Library is not aware of any entity which would be financially accountable for the Library which would result in the Library being considered a component of the entity.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Accounting

The fund-based financial statement columns (General Fund column) on Pages 12 and 13 are accounted for using the modified accrual basis of accounting. These fund revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts, which could not be measured or were not available, were not accrued as revenue in the current fiscal year. The Statements of Net Position and Activities columns on Pages 12 and 13 have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

C. Budgets

Budgets are prepared on the modified accrual basis of accounting in which capital assets acquired are recorded as expenditures and depreciation is not recorded.

The legal budget is the same as the operating budget in total. Total expenditures may not exceed the budgeted expenditures without approval of the Library's Governing Board. The budget lapses at the end of each fiscal year.

Estimated revenues and recommended appropriations are shown and supported by detailed documentation at each administrative level within the Library. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the Operations Committee reviews and recommends to the Governing Board a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget is legally enacted through passage of a motion during a Governing Board meeting prior to year-end.
- The Operations Committee reviews all budget transfers and revisions, which are then approved by the Governing Board.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Budgets – continued

- Formal budgeting is employed as a management control device during the year for the Library's single fund the General Fund.
- Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budgeted amounts are as originally adopted or as amended by the Governing Board. Individual amendments were not material in relation to the original appropriations.

D. Property Taxes

The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the counties, cities, school districts, and other districts.

San Mateo County assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien dates	March 1	March 1
Levy dates	July 1	July 1
Due dates	50% on November 1 and 50% on March 1	July 1
Delinquent as of	December 10 (for November) and April 10 (for March)	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue when received in the fiscal year of levy because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the Library and the County of San Mateo (County). The Teeter Plan authorizes the Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the Library in three installments, as follows:

55%	remitted on December 15
40%	remitted on April 15
5%	remitted on June 15

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Cash and Investments

The Library pools cash and investments from all funds for the purpose of increasing income through investment activities. 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 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

The Library participates directly in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

F. Net Investment in Capital Assets

Capital assets are carried at cost or estimated cost if actual cost was not available. Donated assets are valued at their estimated fair value on the date donated.

Depreciation is calculated on a straight line basis using the following useful life schedule:

Furniture and equipment – 5 to 10 years

2. CASH AND INVESTMENTS

The Library had the following cash and investments at June 30, 2017:

	<u>Not rated</u>	<u>Fair Value</u>
San Mateo County Treasury	\$ 24,723,701	\$ 24,723,701
San Mateo County Treasury- restricted	8,137,974	8,137,974
California Local Agency Investment Fund (LAIF)	2,053,107	2,053,107
Change funds	<u>2,070</u>	<u>2,070</u>
Total	<u>\$ 34,916,852</u>	<u>\$ 34,916,852</u>
Presentation in Statement of Net Position:		
Cash and investments	\$ 26,778,878	
Cash and investments- restricted	<u>8,137,974</u>	
	<u>\$ 34,916,852</u>	

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS - continued

A. Cash Deposits

The Library pools cash from all sources. The Library invests excess cash in the San Mateo County Treasury and LAIF investment pools, which at June 30, 2017, approximated fair value of \$34,916,852. The Libraries maintain change funds at all of the branches in a range of \$50 to \$200 per branch and a total of \$2,070 overall. The restricted cash and investments balance represents the amount held under the donor city provision.

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government's cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government's total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County has waived these collateralization requirements.

The County Treasurer maintains a cash and investment pool, on behalf of the Library, as their custodian, which includes cash balances and authorized investments for all Library funds, which is invested to enhance interest earnings. The pooled interest earned is allocated quarterly to the Library based on average daily cash and investment balance.

B. Investments

The Library is authorized by State statutes and Governing Board action to invest in the following:

- United States Treasury notes, bonds, bills or certificates of indebtedness.
- Registered state warrants or treasury notes or bonds of the State of California.
- Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State of California.
- Obligations issued by banks and guaranteed by federal agency or United States government-sponsored enterprise.
- Negotiable certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies.
- Banker's acceptances.
- Commercial paper.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS - continued

B. Investments – continued

- California Local Agency Investment Fund (LAIF).
- San Mateo County Treasury

The Library's practice has been to limit investments to LAIF and the San Mateo County Treasury, an unrated investment pool, which limits the exposure of Library funds to interest rate and credit risk by treating all balances as current.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments recorded in interest/investment income.

C. Investments in External Investment Pools

The Library's investments with the County at June 30, 2017, included a portion of the pool funds invested in structured notes and asset backed securities and similar transactions. These investments may include the following:

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

Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables

As of June 30, 2017, the Library had \$2,053,107 invested directly in LAIF. The LAIF investment pool consisted of derivative products in the form of asset-backed securities in the amount of \$59,658,123 and \$800,000,000 in floating rate securities, each of these investment types representing 0.13% and 1.01% of the total LAIF investment pool, respectively. The current average life of the LAIF portfolio as of June 30, 2017 was 167 days.

As of June 30, 2017, the Library also had \$29,124,427 invested directly in the County investment pool. The County investment pool currently holds derivative products in the form of asset-backed securities in the amount of \$1,022,550,000, \$333,750,000 in repurchase agreements, and \$157,000,000 in floating rate securities, each of these investment types representing 22.6%, 7.3%, and 6.9%, of the total County investment pool, respectively. The current average maturity of the portfolio is 1.06 years with an average duration of 1.03 years.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

3. CAPITAL ASSETS

Changes in capital assets were as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Furniture and equipment	\$ 2,837,333	\$ 214,740	\$ -	\$ 3,052,073
Accumulated depreciation	(1,107,615)	(293,789)	-	(1,401,404)
Total fixed assets	<u>\$ 1,729,718</u>	<u>\$ (79,049)</u>	<u>\$ -</u>	<u>\$ 1,650,669</u>

During the fiscal year, the Library added \$136,123 of Vehicles and \$78,137 of 12-bay Host Station Laptops as well as other miscellaneous add-ons to existing equipment.

4. FUND BALANCES/NET POSITION

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the Library's highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned amounts represent deficits in fund balance as reflected by the necessity to show nonspendable and restricted balances in an amount greater than total fund balance. Currently, the Library uses only the nonspendable and committed categories.

Nonspendable		\$ 2,070
Committed for:		
Capital Projects	17,186,021	
Contingencies - Stabilization	<u>5,000,000</u>	<u>22,186,021</u>
		<u>\$22,188,091</u>

- *Nonspendable*: Represents amounts set aside for change funds.
- *Capital Projects*: Represents amounts set aside for future capital purchases.
- *Contingencies – Stabilization*: Represents remaining amounts set aside by the Library's Governing Board to be used in the event of sudden, unanticipated revenue loss or expenditure requirements.

Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by Library Governing Board action, such as the net investment in capital assets. Unrestricted amounts reflect balances available for current operations.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

4. FUND BALANCES/NET POSITION - continued

	<u>Net Position</u>
Net investment in capital assets	\$ 1,650,669
Unrestricted	<u>21,774,497</u>
Total	<u><u>\$ 23,425,166</u></u>

5. EXPLANATION OF DIFFERENCES BETWEEN THE GENERAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

“Total fund balances” of the Library’s General fund (\$22,188,091) differs from “net position” of governmental activities (\$23,425,166) reported in the Statement of Net Position on page 12. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the General fund balance sheet. The effect of the difference is illustrated below:

Balance Sheet/Statement of Net Position

	<u>General Fund</u>	<u>Reclassifications and Eliminations ¹</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments	\$ 26,778,878	\$ -	\$ 26,778,878
Cash and investments- restricted	8,137,974	-	8,137,974
Interest receivable	67,030	-	67,030
Capital assets		1,650,669	1,650,669
Total assets	<u><u>\$ 34,983,882</u></u>	<u><u>\$ 1,650,669</u></u>	<u><u>\$ 36,634,551</u></u>
Liabilities:			
Accounts payable	\$ 1,899,396	\$ -	\$ 1,899,396
Other current liabilities	2,006,583	-	2,006,583
Eligible donor fund set aside	8,137,974	-	8,137,974
Accrued payroll	751,838	-	751,838
Compensated absences	-	413,594	413,594
Total liabilities	<u><u>12,795,791</u></u>	<u><u>413,594</u></u>	<u><u>13,209,385</u></u>
Fund Balances/Net Position:			
Total fund balances/net position	<u><u>22,188,091</u></u>	<u><u>1,237,075</u></u>	<u><u>23,425,166</u></u>
Total liabilities and fund balances/net position	<u><u>\$ 34,983,882</u></u>	<u><u>\$ 1,650,669</u></u>	<u><u>\$ 36,634,551</u></u>

¹ When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported in expenditures in governmental funds. However, the statement of net position includes these capital assets among the assets of the Library as a whole. Long-term liabilities such as compensated absences are not due and payable in the current period and therefore they are not reported in the government's fund balance sheets.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

6. EXPLANATION OF DIFFERENCES BETWEEN GENERAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The “net change in fund balances” for the General fund \$1,922,687 differs from the “change in net position” for governmental activities \$1,829,258 reported in the Statement of Activities on page 13. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the General fund. The effect of the difference is illustrated below:

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities			
	General Fund	Reclassifications and Eliminations ¹	Statement of Activities
EXPENDITURES/EXPENSES:			
Contracted employees salaries and benefits	\$ 15,148,004	\$ 14,380	\$ 15,162,384
Supplies and small equipment	4,683,921	-	4,683,921
Contracts and professional services	595,257	-	595,257
Library materials	2,987,839	-	2,987,839
Donor fund set aside	2,337,259	-	2,337,259
Other charges	1,571,375	-	1,571,375
Capital outlay	214,740	(214,740)	-
Depreciation	-	293,789	293,789
Total expenditures/expenses	27,538,395	93,429	27,631,824
REVENUES:			
Program revenues:			
Intergovernmental	894,181	-	894,181
Grants	448,702	-	448,702
Charges for services	337,690	-	337,690
Total program revenues	1,680,573	-	1,680,573
Net program expense	25,857,822	93,429	25,951,251
General revenues:			
Property taxes	25,603,239	-	25,603,239
Investment earnings	199,092	-	199,092
Miscellaneous	1,978,178	-	1,978,178
Total general revenues	27,780,509	-	27,780,509
REVENUES OVER (UNDER) EXPENDITURES	1,922,687		
OTHER FINANCING SOURCES (USES):			
Loss on disposal of assets	-	-	-
Total other financing sources (uses):	-	-	-
CHANGE IN NET POSITION		(93,429)	1,829,258
FUND BALANCES/NET POSITION:			
Beginning of the year	20,265,404	1,330,504	21,595,908
End of the year	\$ 22,188,091	\$ 1,237,075	\$ 23,425,166

¹ Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The changes to capital outlay reflect the capitalization of these assets. Additionally, governmental funds report compensated absences as expenditures while governmental activities recognize the long-term nature as a liability, the change to contracted salaries and benefits reflects the change in the long-term compensated absences liability from the prior year.

San Mateo County Library Joint Powers Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

7. RELATED PARTY TRANSACTIONS

The Library contracts with the County of San Mateo (County) to provide some administrative, accounting, personnel, and facilities maintenance services. Under these arrangements, the Library pays the County the cost of services performed. During the year ended June 30, 2017, the Library paid the County \$1,414,871; (\$1,142,833) for administrative and support services, (\$138,059) for insurance and (\$133,979) for facilities maintenance services.

Section VI. D. of the San Mateo County Library JPA Agreement states the following, "In the event that the allocated library service revenue exceeds the amount required to maintain the minimum library service for each city as described in this Agreement, such excess funds shall be spent on library related activities within that city (hereinafter, "Donor City") including, but not limited to, facility maintenance, facility remodeling or expansion, increased service hours, or increased book purchases, as mutually agreed by the Library JPA and the city council of the affected Donor City." In accordance with the donor city provision, and as approved by the Library JPA Governing Board, at the end of each fiscal year, funds in excess of the amount required to operate a branch are distributed and held by the Library in separate library accounts or Trust Funds. The funds are segregated from the Library's general operating budget where they accrue interest. As of June 30, 2017, these amounts are as follows: Atherton Library \$1,490,958, Woodside Library \$449,874, and Portola Valley Library \$65,751 representing a combined total of \$2,006,583 as shown as other current liabilities on the statement of governmental funds balance sheet/statement of net position. As of June 30, 2017, the total held by the Library for FY16/17 was \$8,137,974. The amounts by City were Atherton Library \$6,504,207, Woodside Library \$1,161,307, and Portola Valley Library \$472,460.

As of June 30, 2017, excess County Free Library property taxes in accounts currently held by each donor city are depleted first before accessing any funds held in the Library's Donor City Trust Funds. These amounts are as follows: Atherton Library \$5,113,212, Woodside Library \$0 and Portola Valley Library \$316,601.

As of June 30, 2017, total excess County Free Library property taxes by City were: Atherton Library \$11,617,419, Woodside Library \$1,161,307, and Portola Valley Library \$789,061.

In order to secure agreement by the Library JPA, member cities that qualify as a Donor City and are interested in utilizing excess County Free Library property taxes to support public library related activities, provide information to the JPA Governing Board in order to obtain approval for the proposed uses of this revenue for the upcoming fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

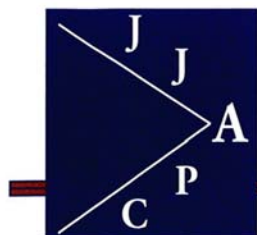
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San Mateo County Library Joint Powers Authority
Required Supplementary Information
For the year ended June 30, 2017

Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Budgetary fund balance, July 1, 2016	\$ 20,265,404	\$ 20,265,404	\$ 20,265,404	\$ -
Resources (inflows):				
Intergovernmental	703,000	703,000	894,181	191,181
Grants	345,305	345,305	448,702	103,397
Charges for services	343,898	343,898	337,690	(6,208)
Property taxes	24,892,164	24,892,164	25,603,239	711,075
Use of money and property	120,800	120,800	199,092	78,292
Miscellaneous	12,784,391	12,784,391	1,978,178	(10,806,213)
Total revenues	39,189,558	39,189,558	29,461,082	(9,728,476)
Amounts available for appropriation	59,454,962	59,454,962	49,726,486	(9,728,476)
Charges to appropriations (outflows):				
Contracted employees salaries and benefits	16,319,312	16,319,312	15,148,004	1,171,308
Supplies and small equipment	9,388,402	9,388,402	4,683,921	4,704,481
Contracts and professional services	1,002,000	1,002,000	595,257	406,743
Library materials	2,659,500	2,659,500	2,987,839	(328,339)
Donor fund set aside	2,140,000	2,140,000	2,337,259	(197,259)
Other charges	1,566,375	1,566,375	1,571,375	(5,000)
Capital outlay	739,000	739,000	214,740	524,260
Total charges to appropriations	33,814,589	33,814,589	27,538,395	6,276,194
Budgetary fund balance, June 30, 2017	\$ 25,640,373	\$ 25,640,373	\$ 22,188,091	\$ (3,452,282)

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Governing Board of the
San Mateo County Library Joint Powers Authority
San Mateo, California

We have audited, in accordance with the auditing standard 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, the financial statements of San Mateo County Library Joint Powers Authority (Library) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 18, 2017

JJACPA, Inc.

**JJACPA, Inc.
Dublin, CA**

To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Date: January 17, 2018
Meeting: January 23, 2018
Re: Approval of Amended Library JPA Agreement and Bylaws

Background

In 1999, the San Mateo County Library Joint Powers Authority was formed. The JPA Agreement as identified in section VI (D) – Allocation of Property Tax Dollars stipulates that certain restrictions will be placed on County Free Library property taxes collected to support the library district. There are currently three member cities designated as “Donor Cities” including the towns of Atherton, Portola Valley and Woodside. San Mateo County Library district property taxes attributed to parcels located within these member city boundaries exceed the cost to operate these libraries.

Today, approximately 8% of County Free Library district property tax is restricted and unavailable to support public library service due to this Donor Fund provision. For FY 2016-17, amounts totaling \$2,006,583 were set aside: \$1,490,958 in the Atherton Library Trust Fund, \$449,874 in the Woodside Library Trust Fund, and \$65,751 in the Portola Valley Trust Fund. As of June 30, 2017, total excess County Free Library property taxes restricted and currently held in accounts by the Library and Towns include: Atherton Library \$11,617,419; Woodside Library \$1,161,307; Portola Valley Library \$1,105,662; and total \$13,884,388.

A Study Session was held by the Library JPA Governing Board in November 2013. Governing Board members found the Study Session useful but agreed that the issue needed further discussion and examination. In May 2014 the Governing Board approved the formation of a Library Donor Funds Subcommittee, to examine the issues and challenges associated with the established Donor Fund provision and seek solutions that focus on the Board’s values as a County Library system. The Subcommittee was tasked with developing recommendations for the Governing Board to consider regarding changes to the Donor Fund provisions.

Discussion

The Library Donor Funds Subcommittee has met multiple times to review and discuss the Library’s background, JPA Agreement, and donor funds provisions and policies. Input has been gathered from communities through a number of Council meetings and Friends meetings. Subcommittee members have thoroughly examined and considered a number of

alternative allocation models and options; and ultimately, worked towards building consensus for solutions that: (1) support the library system in the improvement and expansion of library services which directly impact community members, and (2) allow the continued utilization of library revenue to support qualifying JPA members' facility and library related activities.

In June 2017, the Subcommittee made their recommendations to the Operations Committee and Governing Board for discussion and approval and both approved of amending the Library JPA Agreement to reflect the following (effective the fiscal year after the completion of the new Atherton Library, tentatively FY 2021-22):

- Excess library tax funds will be split 50/50 with no cap, after facility maintenance, equipment and other library expenses have been approved by the Governing Board and deducted.
- Use of excess library tax funds or "Donor Funds" and the corresponding provision in the JPA Agreement will be reviewed every 3 years.

The Subcommittee has worked with staff and JPA legal counsel to amend the language in Section VI. D. as well as additional changes throughout the document that clarify and update the attached Library JPA Agreement and Bylaws. The proposed amendments are not binding until approved by the members; once approved by the Governing Board, the next step will be seeking member ratification.

Fiscal Impact

Approval of the amended Library JPA Agreement by the Library Governing Board and member City Councils would result in an equal split of any excess tax funds set aside in future years. Completion date of the new Atherton Library as well as shifts in property tax revenue, operating costs, and proposed use of these restricted funds by members would influence the amount.

Recommendation

Recommend Library JPA Operations Committee approve the amended San Mateo County Library JPA Agreement and Bylaws.

Attachments

1. JPA Bylaws – (Recommended)
 - 1a. JPA Bylaws – (Revisions)
2. JPA Agreement (Recommended)
 - 2a. JPA Agreement (Revisions)

1 **SECOND AMENDED JOINT POWERS AGREEMENT**
2 **BETWEEN THE COUNTY OF SAN MATEO AND THE CITIES OF ATHERTON,**
3 **BELMONT, BRISBANE, EAST PALO ALTO, FOSTER CITY, HALF MOON BAY,**
4 **MILLBRAE, PACIFICA, PORTOLA VALLEY, SAN CARLOS, AND WOODSIDE,**
5 **RELATING TO LIBRARY SERVICES**
6

7 This is an amended agreement between the County of San Mateo and the cities of Atherton,
8 Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley,
9 San Carlos, and Woodside (hereinafter "Parties"), relating to the joint exercise of powers over
10 library services throughout the San Mateo County Library System.

11 **WHEREAS**, the San Mateo County Free Library System (hereinafter the "Library
12 System"), has authority to provide library services within its jurisdiction, and is governed by the
13 San Mateo County Board of Supervisors; and

14 **WHEREAS**, the Parties have independent authority to provide library services within their
15 jurisdictions; and

16 **WHEREAS**, the provision of Library services to the residents of the unincorporated area
17 of the County and to the residents of the other Parties is enhanced and made more efficient by a
18 coordinated program among the public entities who comprise the Library System; and

19 **WHEREAS**, the Joint Powers Law (Government Code '6500 et. seq.) permits public
20 entities, after receiving the prior consent of their respective legislative bodies, to jointly exercise
21 powers common to the contracting parties, including the power to provide for library services; and

22 **WHEREAS**, a joint powers agreement between the parties was approved and became
23 effective in 1999 ("the original Library JPA Agreement"); and

24 **WHEREAS**, in 2004 a First Restated Joint Powers Agreement replaced the original
25 Library JPA Agreement (hereinafter, the "2004 Amended Library JPA Agreement"); and

26 **WHEREAS**, the parties to the original Library JPA Agreement and to the 2004 Amended
27 Library JPA Agreement have recognized the need to further amend the 2004 Amended Library

JPA Agreement to reflect changes pertaining to the manner in which County tax revenues are allocated to the members; and

WHEREAS, this Second Amended Library Joint Powers Agreement upon mutual adoption in the manner required by law replaces the 2004 Amended Library JPA Agreement.

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS CONTAINED HEREIN, the Parties to this agreement agree as follows:

I. Establishment of Library Joint Powers Authority; Purpose of Agreement

A. Joint Powers Authority Created

The Parties to this Agreement, with the consent of their respective legislative bodies, acting on or before _____-hereby join together for the purpose of providing library services within their communities and establishing a Library Joint Powers Authority (hereinafter “Library JPA”) to exercise the powers described herein. The Library JPA shall be an entity which is separate from the parties to this Agreement and shall be responsible for the administration of this Agreement. Except as otherwise provided herein, the debts, liabilities and obligations of the Library JPA shall be the debts, liabilities and obligations of the entity and not the debts, liabilities, and obligations of the parties to this Agreement. This Agreement replaces the 2004 Amended Library JPA Agreement. Any debts, liabilities, and obligations assumed by the Parties under the 2004 Library JPA Agreement remain in full force and effect to the extent they are not inconsistent with the terms and conditions of this Agreement.

B. Purpose and Functions of the Library JPA

1. Provide policy direction and governance for the Library System.
2. Carry out the functions required by this Agreement.
3. Approve the budget and disposition of revenues for Library System Services.

1 4. Approve and oversee the services and programs of the Library System.
2 Subject to the limitations related to the status of the Library System as designated in I.C. below,
3 and subject to the parameters of this Agreement and the agreement for County employees to serve
4 as Library staff, it is the intent of the Parties that the Library JPA shall have full and complete
5 discretion for Library operations and policy.

6 **C. Library JPA Operating Rules and Restrictions - Designation**

7 The Library JPA shall operate under and be governed by the rules and regulations and legal
8 restrictions and requirements applicable to the San Mateo County Free Public Library as
9 established under California Education Code Section 19100 et seq., the joint powers law in
10 Government Code section 6500 et seq., this Agreement and the Bylaws.

11 **D. Additional Parties**

12 Additional cities may become Parties to this Agreement on such terms and conditions as
13 may be approved by a majority of the total membership of the Library Joint Powers Governing
14 Board (hereinafter "the Governing Board"), including, without limitation, the approval by the
15 proposed member's elected council or governing board of this Agreement and the Bylaws of the
16 JPA and that all Parties and their residents shall have reciprocal access to library facilities,
17 materials and services of all other Parties.

18 **E. Terms of Agreement; Termination and Withdrawal**

19 ~~4.~~ This Second Amended Joint Powers Agreement (hereinafter, occasionally referred
20 to as "this Agreement") shall commence upon (1) the date it has been executed by the County and
21 all of those cities which have acted to approve this Agreement within the timeframe stipulated in
22 Section I.A., or (2) the date the Staff Services Agreement referred to in Section IV.A., below, is
23 executed by the Governing Board and County, whichever date is later. This Agreement shall
24 continue, uninterrupted, until two-thirds of the members vote to terminate it, in which case, it shall
25 terminate on June 30 of the following fiscal year. An individual Party may withdraw from this

Agreement upon the giving of written notice by July 1st of its intent to withdraw from the Library JPA effective July 1st of the following fiscal year. For purposes of this JPA, the fiscal year shall run from July 1st of one calendar year to June 30th of the following calendar year. The withdrawal of any Party from this Agreement shall in no way affect the rights and obligations of the remaining Parties. If a Party withdraws from this Agreement, such Party shall not be entitled to the return of any property or funds contributed to the Library JPA. By withdrawing a Party shall take on the obligation to provide all library services to its residents. In this eventuality, the County shall pay to the withdrawing agency all subsequent library property tax proceeds collected in the withdrawing Party's jurisdiction. At the time of the withdrawal, the Parties may agree to allow the withdrawing party to retain books and other library materials, furniture and equipment obtained by the JPA, on the condition that such property and materials will be used for public library purposes and available to all residents of San Mateo County at no charge.

F. Disposition of Property Upon Termination and Dissolution

Upon termination of the Agreement, and dissolution, any surplus money on hand shall be returned in proportion to the contributions made by the Parties who are still active members at the time of termination and dissolution. Upon termination, title to all property, including facilities, buildings, materials and equipment owned by a Party upon execution of the Agreement shall remain the property of that Party. All property acquired by the Library JPA during the term of this Agreement shall upon dissolution of the JPA become the property of the Library System.

II. Library Policies

Subject to this Agreement and the Bylaws, all policies relating to the provision of library services, including hours, organization, staffing levels and type, and other services, shall be determined by the Governing Board, unless specifically delegated to the Operations Committee. Current policies with respect to the Library System shall continue in full force and effect until changed by the Agreement, the Bylaws, the Governing Board, or Operations Committee if so

delegated by the Governing Board. In addition, the Library System remains subject to State law with respect to libraries, including Education Code section 19146 which vests power to select materials in the County Librarian.

III. Governing Board of Library JPA

A. Creation of Governing Board; Composition

There is hereby created the Governing Board which shall administer this Agreement. The Governing Board shall be comprised of one representative from each Party, selected by the Party from the elected legislative body of that Party. Each Party may designate one alternative representative who will be a member of that Party's legislative body. The selection process and length of tenure for each Governing Board representative and any alternate shall be determined by the governing body of each Party. Governing Board representatives shall serve without compensation. The policies of the Library System shall be directed by the Governing Board, provided that policies regarding the terms and conditions of employment shall be within the province of the County so long as the County provides the services set forth in any Staff Services Agreement entered into by and between the Library JPA and the County, as described in Section IV.A., below.

B. Actions of the Governing Board

Actions of the Governing Board shall be taken only if a quorum is in attendance, and shall be effective upon approval of a majority of the members present. A quorum is one more member than half of the total membership. The Governing Board shall select a Chair and Vice-Chair and shall meet at least annually to consider and approve the budget of the Library JPA for the next fiscal year, elect officers, and conduct any other necessary business. The Board may also hold other special meetings as convened by the Chair.

C. Powers of Governing Board

1 1. The Library JPA, through its Governing Board, may acquire, purchase,
2 lease, own or dispose of real and personal property and equipment, and make and enter into
3 contracts, as may be required to meet the purposes of this Agreement. It may employ agents and
4 employees, hire independent contractors, operate public works improvements and facilities, sue
5 and be sued in its own name, incur debt, and invest surplus funds. It is authorized to form and
6 appropriately associate with one or more IRC 501(c)(3) non-profit corporations devoted to
7 developing additional programs and funds for operation of the libraries, and engage in other
8 development activities.

9 2. The Governing Board is responsible for establishing policies for the Library
10 JPA in accordance with this Agreement, within the limits of the approved annual budget. The
11 Governing Board shall create, adopt and maintain by-laws and related policies to provide for the
12 conduct of its business.

13 3. The Governing Board shall submit an annual budget for Library Services to
14 the County Board of Supervisors for its approval. The budget shall describe Library JPA revenues
15 by source and amount, and describe how and for what purposes and what amounts said funds shall
16 be expended. Once the budget is approved by the County, property tax revenues received by the
17 Library JPA shall be its sole property.

18 4. The Governing Board may delegate any or all of these powers, except the power
19 to sue and be sued and approval of an annual budget, to the Operations Committee or Library
20 Director for purposes of program development and implementation or policy formulation.

21 **D. Operations Committee**

22 Subject to this Agreement, the Bylaws, and the direction of the Governing Board, the
23 Operations Committee shall be responsible for administration and oversight of the day to day
24 operations of the Library System, working through the ~~County~~ Library Director. The Operations
25 Committee will be comprised of the Chief Executive Officer of each city which is a Party, or

his/her designee, and the representative designated by the County (“County Representative”). Operations Committee Members will serve without consideration of terms or tenure and without additional compensation. The Operations Committee will meet at least quarterly, but may meet more often, upon the call of its Chair, as needed. Actions of the Operations Committee shall be taken only if a quorum is in attendance, and shall be effective upon approval of a majority of the members present. A quorum is one more member than half of the total membership.

E. Notice of Meetings

Notice of the time and place and the conduct of all regular meetings shall be ~~given~~ in accordance with the Ralph M. Brown Act and notices shall be posted in all community libraries in the Library System. The Library Director and Governing Board Chair shall be responsible for the preparation and posting of the Board’s agenda in compliance with the Brown Act.

F. Bylaws

The Governing Board shall act to amend its bylaws as deemed necessary to the smooth and successful implementation, administration, and operation of the Library JPA. Amendments to the bylaws shall become operative upon approval by a two-thirds vote of the Governing Board.

G. Personnel Committee

1. The Personnel Committee shall consist of: the Governing Board Chair and Vice-Chair; the County Board of Supervisors’ member of the Governing Board (if such member is not serving as Chair or Vice-Chair); the County Representative; and the Chair of the Operations Committee (or Vice-Chair if the County Representative is serving as Chair of the Operations Committee).

2. The Personnel Committee shall perform the following functions:

a. Serve as a forum for dispute resolution resulting from the Staff Services Agreement, or other matters involving services provided to the Library JPA by County staff.

b. With input from the full Governing Board, conduct performance reviews of the Library Director and make recommendations to the County as the final authority.

c. Initiate and conduct a recruitment and selection process for Library Director, in consultation with the Governing Board. The Personnel Committee will present a list of up to three qualified candidates with a recommendation to the County Representative for final selection and appointment.

IV. Employees

A. Staff Services Agreement

1. The Library JPA shall contract with the County to provide a Library Director, and may contract with the County to provide other staff services. Such staff shall be subject to the County's labor agreements and personnel rules. All costs of such services shall be paid for from Library JPA funds. The County will consult with the Governing Board regarding any personnel rule changes which impact Library staff. The Library JPA also may contract with any other Party or may employ its own personnel for additional personnel services deemed necessary, provided that any such additional personnel services do not conflict with the Staff Services Agreement, or interfere with the obligations of the County, the Library Director or Library staff employed by County arising out of the employment relationship.

2. The Staff Services Agreement with the County shall describe the County's responsibilities for the administration of the policies adopted by the Library JPA Governing Board. The agreement shall also describe the Library Director's administrative responsibilities with the County.

3. Provided the Governing Board complies with the notice provisions for termination contained in the Staff Services Agreement, the Library JPA may arrange for staffing services from other sources, or may become the direct employer of Library Services staff. The Governing Board and the County may mutually agree to change, instead of terminating, the Staff

1 Services Agreement

2 **B. Library Director**

3 1. The Library Director shall be appointed and employed by the County of San
4 Mateo. Unless otherwise designated by the Governing Board and approved by the County
5 Representative, the Library Director shall have the duties and responsibilities of County Librarian
6 as provided for in State law.

7 2. The terms of employment shall be determined by the County and shall be
8 contained in a position classification.

9 3. Under the direction of the Governing Board, the Library Director
10 determines the scope and nature of library services and needed plans for the expansion and
11 modification of library services. The Library Director reports to the County on administrative
12 matters in accordance with the Staff Services Agreement.

13 **V. Support Services**

14 **A. General Support Services**

15 1. The Governing Board may contract to provide other administrative services
16 such as legal, purchasing, payroll, budget and other support services to the Library JPA with the
17 costs of these services paid for from Library JPA funds; provided that the Governing Board may
18 not contract for payroll services or other employee related support services (including, by way of
19 example, classification, compensation, employment benefits, labor negotiations, performance,
20 discipline and workers compensation or assignment matters) provided to any employees covered
21 by the Staff Services Agreement.

22 2. Subject to agreement by the County, the Governing Board may add other
23 administrative services to the Staff Services Agreement.

24 **B. Treasurer**

25 1. The County Treasurer shall perform the statutory duties required by the

Government —Code for the Library JPA. The Library JPA may invest surplus funds outside the County Treasurer.

C. Controller/Auditor

1. The County Auditor/Controller shall perform the statutory duties required by the Government Code for the Library JPA.

2. The Governing Board has the authority to contract for accounting services or to perform them with its own employees.

3. The Governing Board has the authority to contract for auditing services. The County shall retain the authority to conduct its own audits of the Library JPA at no cost to the Library JPA.

D. Legal Counsel

The Library JPA shall employ its own Counsel or designate one of its members to provide legal services, with the consent of that member.

VI. Financial Provisions

A. Annual Budget

1. The Governing Board shall adopt and submit annually to the County Board of Supervisors a budget containing the estimates in detail of the amount of money necessary for the Library Services for the ensuing year, together with an estimate of all revenues other than tax revenues which are anticipated. The Governing Board's proposed budget shall be submitted in a format acceptable to the County and on a schedule as established by the County Manager, with the expectation that the Board of Supervisors, acting on the recommendation of the Governing Board, shall adopt by July 1st of each year an annual operating budget for the Library JPA setting forth anticipated expenses, financing sources and proposed service levels necessary to carry out the purposes of this Agreement.

2. The estimate of total expenditures, as finally fixed and adopted by the Board of Supervisors, constitutes the appropriation for the Library Services for the period for which the budget is intended to apply. The Governing Board shall have authority to expend funds within the appropriations for the Library Services as defined in this section, except that the monies specified in the Governing Board's budget for salaries and employee benefits, fixed asset purchases or capital expenditures shall not be exceeded without a transfer or other appropriate augmentation of said budget category as authorized by standard County policies and procedures. The fiscal year for the Library JPA shall be from July 1st of each calendar year to June 30th of the following calendar year. Any individual Party may enhance Library services at particular libraries with additional funds contributed by that Party.

B. Revenues

1. The Parties to this agreement hereby reconfirm existing Library System revenue sources and commit to their continuance at their current proportion to the extent permitted by general law. These revenue sources include:

- a. San Mateo County Free Public Library Property Tax
- b. Motor Vehicle in Lieu tax distributed to libraries
- c. State and Federal Library Services Act funds
- d. Interest
- e. Other monies which may be appropriated by the State Legislature for the specific benefit of county public libraries

2. The Governing Board is authorized to apply directly for grants and donations.

C. Library Funds

The revenue derived from property taxes or other monies allocated to the San Mateo County Free Library shall be deposited with the County Treasurer as required by State Law and

1 shall be paid out to and for the Library JPA for the purposes authorized in this Agreement. Other
2 monies acquired by the Library JPA through donation, gift, devise, bequest, or otherwise for
3 Library purposes-shall be paid into either the County Treasury or other fund maintained by the
4 Library JPA, and shall be paid out for the purposes authorized in this Agreement.

5 **D. Allocation of Property Tax Dollars**

6 1. Notwithstanding any other provision of this Agreement, for each fiscal year
7 the Library service revenue allocated to libraries in each member city shall not be less than the
8 estimated library property tax revenue attributable to property located in that city. Subject to
9 paragraph 2, below, in the event that the allocated library service revenue for a member city
10 exceeds the amount required to maintain the minimum library service for that member, such excess
11 funds shall, after deduction of any activities approved by the Governing Board for library related
12 expenditures within that city, be restricted and held by the JPA for library related activities within
13 that member city including but are not limited to, facility maintenance, facility remodeling or
14 expansion, increased service hours, or increased material and equipment purchases, as mutually
15 agreed by the Library JPA and the city council of that member city.

16 2. In the fiscal year following the completion and opening of the new Atherton
17 Library (tentatively July 1, 2021- June 30, 2022), excess funds, after deduction of any activities
18 approved by the Governing Board for library related expenditures within a member city, shall be
19 split 50%-50% between the Library JPA and the member city to which those excess funds are
20 attributable. This provision shall be reviewed every three years.

21 **E. Minimum Service Levels**

22 1. The Parties to this agreement agree to minimum service levels as follows, provided
23 revenues are maintained at the 2017-18 fiscal year level:

1 a. For Parties of less than 6,500 in population, base library service shall be 40
2 hours per week and for Parties of over 6,500 in population, base library service shall be 60 hours
3 per week.

4 b. Unincorporated area residents are currently served at libraries located in and
5 maintained by member cities and operated by the Library JPA; or by a City itself. Since the County
6 does not have a discrete library branch it has been the practice of the Governing Board to allocate
7 Library property tax monies collected in the unincorporated areas to fund long-term service
8 agreements with Redwood City and Daly City and to insure minimum service levels at all San
9 Mateo County Library branches. All Parties to this Library JPA recognize that the discretion the
10 Governing Board has with respect to the unincorporated area tax revenues is crucial to the
11 continued functioning of the Library Services and the provision of minimum services to all
12 members.

13 2. The Bookmobile and other mobile and outreach services will continue to provide
14 services beyond library facilities and be responsive to community needs.

15 3. Administration and other systemwide support services, regional services, access
16 agreement payments to other libraries, and a base service level of 40 or 60 hours per Party will be
17 funded with Library System revenues, subject to the property tax restriction identified in VI (D).

18 4. Each Party may supplement revenues to provide for enhanced services at individual
19 library facilities, but no Party shall be required to make a revenue contribution for additional
20 services beyond the minimum service levels provided for in this agreement.

21 5. In the event that library revenues are not sufficient to provide minimum service
22 levels, the Governing Board shall reduce services as necessary. Service reductions will be
23 implemented with consideration to maintaining services to all areas and populations, while
24 maintaining the revenue allocations specified in Section VI (D).

25 F. **Library Administration Building**

1 1. The 125 Lessingia Road building is owned by the County and is dedicated for the
2 use of the Library JPA. The building operations costs shall be paid from Library JPA funding
3 sources.

4 2. The Governing Board may investigate and implement building operations and
5 maintenance arrangements independent of the County, in which case the building charges would
6 be adjusted accordingly.

7 **VII. Property**

8 **A.** The materials in the Library collection and all shelving, furniture and equipment
9 used for Library services shall be and remain the property of the Library System on termination of
10 this Agreement except as otherwise provided in Section I (E). Insurance for this material is the
11 responsibility of the Library JPA.

12 **B.** Maintenance, repair and all capital improvements to new and existing city library
13 facilities shall be the responsibility of the facility owner, or pursuant to an agreement approved by
14 the Governing Board and the facility owner.

15 **VIII. Insurance Provisions**

16 **A.** The County shall add the Library JPA to its existing excess liability insurance
17 coverage and shall maintain such coverage in full force and effect during the life of the Agreement.
18 Coverage and limits shall be equivalent to that provided to Agencies and Departments of the
19 County.

20 **B.** Unless the parties determine otherwise, County shall provide for the defense of any
21 claims or litigation within the self-insured retention limits set forth in subsection A.

22 **C.** Any out of pocket expense or loss, by way of judgment or settlement, arising out
23 of the operation of this Agreement, within the limits of the County's self-insured retention shall
24 be paid from the Library JPA funds, including, but not limited to, all costs of defense, including

attorneys' fees. Any additional costs incurred by County in adding the Library JPA to its excess liability insurance coverage shall be borne by the Library JPA.

IX. Notices

The Library Director shall file all notices with the Secretary of State as required by Government Code Section 6503.5 and shall be responsible for any other notices required by law.

X. Amendments

This Agreement may be amended by a two-thirds vote of the Parties to this Agreement. In the event there is a change in law affecting a material term of this Agreement, the Parties agree to engage in good faith negotiations on a successor agreement within 45 days being notified of the change in law.

XI. Authorization and Execution

By the execution of this Agreement, each Party hereby authorizes its respective Chief Elected Official to execute such documents as may be necessary to carry out the terms of this Agreement. This Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which constitute one and the same agreement.

1 ~~FIRST RESTATED~~ **SECOND AMENDED** JOINT POWERS AGREEMENT
2 BETWEEN THE COUNTY OF SAN MATEO AND THE CITIES OF ATHERTON,
3 BELMONT, BRISBANE, EAST PALO ALTO, FOSTER CITY, HALF MOON BAY,
4 MILLBRAE, PACIFICA, PORTOLA VALLEY, SAN CARLOS, AND WOODSIDE,
5 RELATING TO LIBRARY SERVICES
6

7 This is an amended agreement between the County of San Mateo and the cities of Atherton,
8 Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley,
9 San Carlos, and Woodside (hereinafter “Parties”), relating to the joint exercise of powers over
10 library services throughout the San Mateo County Library System.

11 **WHEREAS**, the San Mateo County Free Library System (hereinafter the “Library
12 System”), has authority to provide library services within its jurisdiction, and is governed by the
13 San Mateo County Board of Supervisors; and

14 **WHEREAS**, the Parties have independent authority to provide library services within their
15 jurisdictions; and

16 **WHEREAS**, the provision of Library services to the residents of the unincorporated area
17 of the County and to the residents of the other Parties is enhanced and made more efficient by a
18 coordinated program among the public entities who comprise the Library System; and

19 **WHEREAS**, the Joint Powers Law (Government Code '6500 et. seq.) permits public
20 entities, after receiving the prior consent of their respective legislative bodies, to jointly exercise
21 powers common to the contracting parties, including the power to provide for library services; and

22 **WHEREAS**, a joint powers agreement between the parties was approved and became
23 effective in 1999 (“the original Library JPA Agreement”); and

24 **WHEREAS**, in November 2004 the Library a First Restated Joint Powers Governing
25 Board (“Governing Board”) recommended that certain changes be made in the original Joint
26 Powers Agreement to clarify the authority of the Governing Board and to make other changes to
27 the nature of the agreement between the parties, as defined in the Joint Powers Agreement; and

1 Agreement replaced the original Library JPA Agreement (hereinafter, the "2004 Amended Library
2 JPA Agreement"); and

3 WHEREAS, the parties to the original Library JPA Agreement and to the 2004 Amended
4 Library JPA Agreement have recognized the need to further amend the 2004 Amended Library
5 JPA Agreement to reflect changes pertaining to the manner in which County tax revenues are
6 allocated to the members; and

7 **WHEREAS,** this Second Amended ~~First Restated~~ Library Joint Powers Agreement upon
8 mutual adoption in the manner required by law replaces the 2004 Amended Library JPA
9 Agreement.

10 **NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND**
11 **COVENANTS CONTAINED HEREIN,** the Parties to this agreement agree as follows:

12 **I. Establishment of Library Joint Powers Authority; Purpose of Agreement**

13 **A. Joint Powers Authority Created**

14 The Parties to this Agreement, with the consent of their respective legislative bodies, acting
15 on or before ~~May 30, 2004~~ hereby join together for the purpose of providing
16 ~~extended~~ library services within their communities and establishing a Library Joint Powers
17 Authority (hereinafter "Library JPA") to exercise the powers described herein. The Library JPA
18 shall be an entity which is separate from the parties to this Agreement and shall be responsible for
19 the administration of this Agreement. Except as otherwise provided herein, the debts, liabilities
20 and obligations of the Library JPA shall be the debts, liabilities and obligations of the entity and
21 not the debts, liabilities, and obligations of the parties to this Agreement. This Agreement replaces
22 the 2004 Amended Library JPA Agreement ~~approved in 1999~~. Any debts, liabilities, and
23 obligations assumed by the Parties under the ~~1993~~ 2004 Library JPA Agreement remain in full
24 force and effect to the extent they are not inconsistent with the terms and conditions of this
25 Agreement.

1 **B. Purpose and Functions of the Library JPA**

- 2 1. Provide policy direction and governance for the Library System.
- 3 2. Carry out the functions required by this Agreement.
- 4 3. Approve the budget and disposition of revenues for Library System
- 5 Services.
- 6 4. Approve and oversee the services and programs of the Library System.

7 Subject to the limitations related to the status of the Library System as designated in I.C. below,
8 and subject to the parameters of this Agreement and the agreement for County employees to serve
9 as Library staff, it is the intent of the Parties that the Library JPA shall have full and complete
10 discretion for Library operations and policy.

11 **C. Library JPA Operating Rules and Restrictions - Designation**

12 The Library JPA shall operate under and be governed by the rules and regulations and legal
13 restrictions and requirements applicable to the San Mateo County Free Public Library as
14 established under California State Education Code Section 19400 19100 et seq., the joint powers
15 law in Government Code section 6500 et seq., this Agreement and the Bylaws.

16 **D. Additional Parties**

17 Additional cities may become Parties to this Agreement on such terms and conditions as
18 may be approved by a majority of the total membership of the Library Joint Powers Governing
19 Board (hereinafter "the Governing Board"), including, without limitation, the approval by the
20 proposed member's elected council or governing board of this Agreement and the Bylaws of the
21 JPA and ~~One condition to participation shall be that all Parties and their residents shall have~~
22 reciprocal access to library facilities, materials and services of all other Parties.

23 **E. Terms of Agreement; Termination and Withdrawal**

24 1- This Second Amended Joint Powers Agreement (hereinafter, occasionally referred
25 to as "this Agreement") shall commence upon (1) the date it has been executed by the County and

1 all of those cities which have acted to approve ~~this~~ the Agreement within the timeframe stipulated
2 in Section I.A., or (2) the date the Staff Services Agreement referred to in Section IV.A., below,
3 is executed by the Governing Board and County, whichever date is later. ~~This~~ the Agreement shall
4 continue, uninterrupted, until two-thirds of the members vote to terminate ~~it~~ the Agreement, in
5 which case, ~~it~~ the Agreement shall terminate on June 30 of the following fiscal year. An individual
6 Party may withdraw from this Agreement upon the giving of written notice by July 1st of its intent
7 to withdraw from the Library JPA effective July 1st of the following fiscal year. For purposes of
8 this JPA, the fiscal year shall run from July 1st of one calendar year to June 30th of the following
9 calendar year. The withdrawal of any Party from this Agreement shall in no way affect the rights
10 and obligations of the remaining Parties. If a Party withdraws from this Agreement, such Party
11 shall not be entitled to the return of any property or funds contributed to the Library JPA. By
12 withdrawing a ~~Such~~ Party shall take on the obligation to provide all library services to its residents.
13 In this eventuality, the County shall pay to the withdrawing agency all subsequent library property
14 tax proceeds collected in the withdrawing Party's jurisdiction. At the time of the withdrawal, the
15 Parties may agree to allow the withdrawing party to retain books and other library materials,
16 furniture and equipment obtained by the JPA, on the condition that such property and materials
17 will be used for public library purposes and available to all residents of San Mateo County at no
18 charge.

19 ~~2. — In the event a Party fails to make any required contribution as set forth in a budget~~
20 ~~approved in accordance with Section VI of this Agreement or otherwise fails to approve the budget~~
21 ~~adopted by the Governing Board, the Party shall not receive services to be paid for by that Party's~~
22 ~~required contribution.~~

23 **F. Disposition of Property Upon Termination and Dissolution**

24 Upon termination of ~~this~~ the Agreement, and dissolution, any surplus money on hand shall be
25 returned in proportion to the contributions made by the Parties who are still active members at the

time of termination and dissolution. Upon termination, title to all property, including facilities, buildings, materials and equipment owned by a Party upon execution of the Agreement shall remain the property of that Party. All property acquired by the Library JPA during the term of this Agreement shall upon dissolution of the JPA become the property of the Library System. ~~However, if any Party agrees to ensure that such property and materials will be used for public library purposes and available to all residents of San Mateo County at no charge, then said property and materials shall remain where they are situated upon dissolution of the JPA.~~

II. Library Policies

Subject to this Agreement and the Bylaws, all policies relating to the provision of library services, including hours, organization, staffing levels and type, and other services, shall be determined by the Governing Board, unless specifically delegated to the Operations Committee. Current policies with respect to the Library System shall continue in full force and effect until changed by the Agreement, the Bylaws, the Governing Board, or Operations Committee if so delegated by the Governing Board. In addition, the Library System remains subject to State law with respect to libraries, including Education Code section 19146 which vests power to select materials in the County Librarian.

III. Governing Board of Library JPA

A. Creation of Governing Board; Composition

There is hereby created the Governing Board which shall administer this Agreement. The Governing Board shall be comprised of one representative from each Party, selected by the Party from the elected legislative body of that Party. Each Party may designate one alternative representative who will be a member of that Party's legislative body. The selection process and length of tenure for each Governing Board representative and any alternate shall be determined by the governing body of each Party. Governing Board representatives shall serve without compensation. The policies of the Library System shall be directed by the Governing Board,

provided that policies regarding the terms and conditions of employment shall be within the province of the County so long as the County provides the services set forth in any Staff Services Agreement entered into by and between the Library JPA and the ~~Governing Board~~ County, as described in Section IV.A., below.

B. Actions of the Governing Board

Actions of the Governing Board shall be taken only if a quorum is in attendance, and shall be effective upon approval of a majority of the members present. A quorum is one more member than half of the total membership. The Governing Board shall select a Chair and Vice-Chair and shall meet at least annually to consider and approve the ~~operating and capital~~ budget of the Library JPA for the next fiscal year, ~~and to elect officers,~~ and conduct any other necessary business. The Board may also hold other special meetings as convened by the Chair.

C. Powers of Governing Board

1. The Library JPA, through its Governing Board, may acquire, purchase, lease, own or dispose of real and personal property and equipment, and make and enter into contracts, as may be required to meet the purposes of this Agreement. It may employ agents and employees, hire independent contractors, operate public works improvements and facilities, sue and be sued in its own name, incur debt, and invest surplus funds. It is authorized to form and appropriately associate with one or more IRC 501(c)(3) non-profit corporations devoted to developing additional programs and funds for operation of the libraries, and engage in other development activities.

2. The Governing Board is responsible for establishing policies for the Library JPA in accordance with this Agreement, within the limits of the approved annual budget. The Governing Board shall create, adopt and maintain by-laws and related policies to provide for the conduct of its business.

1 3. The Governing Board shall submit an annual budget for Library Services to
2 the County Board of Supervisors for its approval. The budget shall describe Library JPA revenues
3 by source and amount, and describe how and for what purposes and what amounts said funds shall
4 be expended. Once the budget is approved by the County, property tax revenues received by the
5 Library JPA shall be its sole property.

6 4. The Governing Board may delegate any or all of these powers, except the power
7 to sue and be sued and approval of an annual budget, to the Operations Committee or ~~County~~
8 Library Director for purposes of program development and implementation or policy formulation.

9 **D. Operations Committee**

10 Subject to this Agreement, the Bylaws, and the direction of the Governing Board, the
11 Operations Committee shall be responsible for administration and oversight of the day to day
12 operations of the Library System, working through the ~~County~~ Library Director. The Operations
13 Committee will be comprised of the Chief Executive Officer of each city which is a Party, or
14 his/her designee, and the representative designated by the County (“County Representative”).
15 Operations Committee Members will serve without consideration of terms or tenure and without
16 additional compensation. The Operations Committee will meet at least quarterly, but may meet
17 more often, upon the call of its Chair, as needed. Actions of the Operations Committee shall be
18 taken only if a quorum is in attendance, and shall be effective upon approval of a majority of the
19 members present. A quorum is one more member than half of the total membership.

20 **E. Notice of Meetings**

21 Notice of the time and place and the conduct of all regular meetings shall be ~~given~~ in
22 accordance with the Ralph M. Brown Act and notices shall be posted in all community libraries in
23 the Library System. The Library Director and Governing Board Chair shall be responsible for the
24 preparation and posting of the Board’s agenda in compliance with the Brown Act.

25 **F. Bylaws**

1 The Governing Board shall act to amend its ~~adopt~~ bylaws as deemed necessary to the
2 smooth and successful implementation, administration, and operation of the Library JPA.
3 Amendments to ~~The~~ bylaws shall become operative upon approval by a ~~majority~~ two-thirds vote
4 of the Governing Board. ~~The Governing Board may amend bylaws by a majority vote of the~~
5 ~~Governing Board.~~

6 **G. Personnel Committee**

7 1. The Personnel Committee shall consist of: the Governing Board Chair and
8 Vice-Chair; the County Board of Supervisors' member of the Governing Board (if such member
9 is not serving as Chair or Vice-Chair); the County Representative; and the Chair of the Operations
10 Committee (or Vice-Chair if the County Representative is serving as Chair of the Operations
11 Committee).

12 2. The Personnel Committee shall perform the following functions:

13 a. Serve as a forum for dispute resolution resulting from the Staff
14 Services Agreement, or other matters involving services provided to the Library JPA by County
15 staff.

16 b. With input from the full Governing Board, conduct performance
17 reviews of the Library Director and make recommendations to the County as the final authority.

18 c. Initiate and conduct a recruitment and selection process for Library
19 Director, in consultation with the Governing Board. The Personnel Committee will present a list
20 of up to three qualified candidates with a recommendation to the County Representative for final
21 selection and appointment.

22 **IV. Employees**

23 **A. Staff Services Agreement**

24 1. The Library JPA shall contract with the County to provide a Library
25 Director, and may contract with the County to provide other staff services. Such staff shall be

1 subject to the County's labor agreements and personnel rules. All costs of such services shall be
2 paid for from Library JPA funds. The County will consult with the Governing Board regarding
3 any personnel rule changes which impact Library staff. The Library JPA also may contract with
4 any other Party or may employ its own personnel for additional personnel services deemed
5 necessary, provided that any such additional personnel services do not conflict with the Staff
6 Services Agreement, or interfere with the obligations of the County, the Library Director or
7 Library staff employed by County arising out of the employment relationship.

8 2. The Staff Services Agreement with the County shall describe the County's
9 responsibilities for the administration of the policies adopted by the Library JPA Governing Board.
10 The agreement shall also describe the Library Director's administrative responsibilities with the
11 County.

12 3. Provided the Governing Board complies with the notice provisions for
13 termination contained in the Staff Services Agreement, the Library JPA may arrange for staffing
14 services from other sources, or may become the direct employer of Library Services staff. The
15 Governing Board and the County may mutually agree to change, instead of terminating, the Staff
16 Services Agreement

17 **B. Library Director**

18 1. The Library Director shall be appointed and employed by the County of San
19 Mateo. Unless otherwise designated by the Governing Board and approved by the County
20 Representative, the Library Director shall have the duties and responsibilities of County Librarian
21 as provided for in State law.

22 2. The terms of employment shall be determined by the County and shall be
23 contained in a position classification.

24 3. Under the direction of the Governing Board, the Library Director
25 determines the scope and nature of library services and needed plans for the expansion and

modification of library services. The Library Director reports to the County on administrative matters in accordance with the Staff Services Agreement.

V. Support Services

A. General Support Services

1. The Governing Board may contract to provide other administrative services such as legal, purchasing, payroll, budget and other support services to the Library JPA with the costs of these services paid for from Library JPA funds; provided that the Governing Board may not contract for payroll services or other employee related support services (including, by way of example, classification, compensation, employment benefits, labor negotiations, performance, discipline and workers compensation or assignment matters) provided to any employees covered by the Staff Services Agreement.

2. Subject to agreement by the County, the Governing Board may add other administrative services to the Staff Services Agreement.

B. Treasurer

1. The County Treasurer shall perform the statutory duties required by the Government —Code for the Library JPA. The Library JPA may invest surplus funds outside the County Treasurer.

C. Controller/Auditor

1. The County Auditor/Controller shall perform the statutory duties required by the Government Code for the Library JPA.

2. The Governing Board has the authority to contract for accounting services or to perform them with its own employees.

3. The Governing Board has the authority to contract for auditing services. The County shall retain the authority to conduct its own audits of the Library JPA at no cost to the Library JPA.

1 **D. Legal Counsel**

2 The Library JPA shall employ its own Counsel or designate one of its members to provide
3 legal services, with the consent of that member.

4 **VI. Financial Provisions**

5 **A. Annual Budget**

6 1. The Governing Board shall adopt and submit annually to the County Board
7 of Supervisors a budget containing the estimates in detail of the amount of money necessary for
8 the Library Services for the ensuing year, together with an estimate of all revenues other than tax
9 revenues which are anticipated. The Governing Board's proposed budget shall be submitted in a
10 format acceptable to the County and on a schedule as established by the County Manager, with the
11 expectation that the Board of Supervisors, acting on the recommendation of the Governing Board,
12 shall adopt by July 1st of each year an annual operating budget for the Library JPA setting forth
13 anticipated expenses, financing sources and proposed service levels necessary to carry out the
14 purposes of this Agreement.

15 2. The estimate of total expenditures, as finally fixed and adopted by the Board
16 of Supervisors, constitutes the appropriation for the Library Services for the period for which the
17 budget is intended to apply. The Governing Board shall have authority to expend funds within the
18 appropriations for the Library Services as defined in this section, except that the monies specified
19 in the Governing Board's budget for salaries and employee benefits, fixed asset purchases or
20 capital expenditures shall not be exceeded without a transfer or other appropriate augmentation of
21 said budget category as authorized by standard County policies and procedures. The fiscal year for
22 the Library JPA shall be from July 1st of each calendar year to June 30th of the following calendar
23 year. ~~Immediately after approving the annual budget, the Governing Board shall refer the budget~~
24 ~~to the governing bodies of the Parties for the purposes of securing from them any necessary~~
25 ~~contributions and/or appropriations as set forth in the budget. Each Party shall deposit its monetary~~

1 ~~contribution as specified in the adopted budget with the Library JPA Treasurer on or before August~~
2 ~~1st of each fiscal year, or at any other schedule approved by the Governing Board and the Party.~~
3 ~~If a Party fails to pay its annual contribution, it shall not receive services to be paid for by that~~
4 ~~contribution.~~ Any individual Party may enhance Library services at particular libraries with
5 additional funds contributed by that Party.

6 **B. Revenues**

7 1. The Parties to this agreement hereby reconfirm existing Library System
8 revenue sources and commit to their continuance at their current proportion to the extent permitted
9 by general law. These revenue sources include:

- 10 a. San Mateo County Free Public Library Property Tax
- 11 b. Motor Vehicle in Lieu tax distributed to libraries
- 12 c. ~~Public Library Fund~~
- 13 cd. State and Federal Library Services Act funds
- 14 de. Interest
- 15 ef. Other monies which may be appropriated by the State Legislature
16 for the specific benefit of county public libraries

17 2. The Governing Board is authorized to apply directly for grants and
18 donations. ~~All such revenues shall be deposited and accounted for by the Library JPA Treasurer.~~

19 **C. Library Funds**

20 The revenue derived from property taxes or other monies allocated to the San Mateo
21 County Free Library shall be deposited with the County Treasurer as required by State Law and
22 shall be paid out to and for the Library JPA for the purposes authorized in this Agreement. Other
23 monies acquired by the Library JPA through donation, by gift, devise, bequest, or otherwise ~~by or~~
24 for Library Services purposes ~~to the Library JPA~~, shall be paid into either the County Treasury or
25 other fund maintained by the Library JPA, and shall be paid out for the purposes authorized in this

Agreement.

D. Allocation of Property Tax Dollars

1. Notwithstanding any other provision of this Agreement, for each fiscal year the Library service revenue allocated to libraries in each member city shall not be less than the estimated library property tax revenue attributable to property located in that city. ~~It shall be the responsibility of the Governing Board to develop a budget which guarantees this provision.~~ Subject to paragraph 2, below, in the event that the allocated library service revenue for a member city exceeds the amount required to maintain the minimum library service for ~~each city as described in this Agreement,~~ that member, such excess funds shall, after deduction of any activities approved by the Governing Board for library related expenditures within that city, be ~~spent~~ restricted and held by the JPA for ~~on~~ library related activities within that member city (~~hereinafter, "Donor City"~~) including but are not limited to, facility maintenance, facility remodeling or expansion, increased service hours, or increased ~~book~~ material and equipment purchases, as mutually agreed by the Library JPA and the City Council of that ~~the affected member~~ city ~~Donor City~~.

2. In the fiscal year following the completion and opening of the new Atherton Library (tentatively July 1, 2021- June 30, 2022), excess funds, after deduction of any activities approved by the Governing Board for library related expenditures within a member city, shall be split 50%-50% between the Library JPA and the member city to which those excess funds are attributable. This provision shall be reviewed every three years.

E. Minimum Service Levels

1. The Parties to this agreement agree to minimum service levels as follows, provided revenues are maintained at the ~~2003-2004~~ 2017-18 fiscal year level:

a. For Parties of less than 6,500 ~~10,000~~ in population, base library service shall be 40 hours per week and for Parties of over 6,500 ~~10,000~~ in population, base library service shall be 60 hours per week. ~~The County has agreed to contribute \$275,000 in General Fund monies to~~

1 ~~support Library operations in 2003-2004. Starting in fiscal year 2004-05, the County may reduce~~
2 ~~this contribution at its discretion. However, such support shall not be reduced by more than~~
3 ~~\$91,667 per year; provided that, if the County elects to forgo some or all of the reduction allowed~~
4 ~~in a given year, the County may add the reduction it elected to forgo to any reduction allowed in a~~
5 ~~subsequent year.~~

6 b. Unincorporated area residents are currently served at libraries located in and
7 maintained by City members cities and operated by the Library JPA; or by a City itself. Since the
8 County does not have a discrete library branch it has been the practice of the Governing Board to
9 allocate Library property tax monies collected in the unincorporated areas to fund long-term
10 service access agreements with Redwood City and Daly City and to insure minimum service levels
11 at all San Mateo County Library branches. All Parties to this Library JPA recognize that the
12 discretion the Governing Board has with respect to the unincorporated area tax revenues is crucial
13 to the continued functioning of the Library Services and the provision of minimum services to all
14 members.

15 c. ~~The County may from time to time request that the level of service to a~~
16 ~~particular unincorporated area be examined to insure adequate and comparable service. When~~
17 ~~such a request is made, Library staff or an independent library consultant working with the Library~~
18 ~~staff, shall prepare a report, with input from community representatives and other stakeholders~~
19 ~~identified by the County, objectively comparing service levels on a system wide basis in~~
20 ~~comparable city areas with that provided to the subject unincorporated areas. The analysis shall~~
21 ~~take into consideration such factors as community needs, hours of service, collection materials~~
22 ~~and accessibility, as well as relative population density. To the extent that the unincorporated~~
23 ~~service level is demonstrably less than that provided to similar incorporated areas on a system-~~
24 ~~wide basis, the Governing Board shall have an obligation to complete a study of this service~~

1 ~~deficiency within 12 months, and bring service to a level comparable with other similarly situated~~
2 ~~areas in member city jurisdictions, within the subsequent 12 months.~~

3 2. ~~Bookmobile service will continue on the 2003-04 schedule, with minor adjustments~~
4 ~~to be made by the Library Director as he/she deems appropriate, and with major changes to be~~
5 ~~approved by the Governing Board.~~ The Bookmobile and other mobile and outreach services will
6 continue to provide services beyond library facilities and be responsive to community needs.

7 3. ~~Administrative, collection and technical services support will be provided appropriate~~
8 ~~to each branch's public service hours.~~ Administration and other systemwide support central
9 services, regional services, access agreement payments to other libraries, ~~collection replacement,~~
10 and a base service level of 40 or 60 hours per Party will be funded with Library System revenues,
11 subject to the property tax restriction identified in VI (D).

12 4. Each Party may supplement revenues to provide for enhanced services at individual
13 library facilities, but no Party shall be required to make a revenue contribution for additional
14 services beyond the minimum service levels provided for in this agreement.

15 5. In the event that library revenues are not sufficient to provide minimum service
16 levels, the Governing Board shall reduce services as necessary. Service reductions will be
17 implemented with consideration to maintaining services to all areas and populations, while
18 maintaining the revenue allocations specified in Section VI (D).

19 6. ~~Each city has the right to use its allocated library services revenues for facility~~
20 ~~maintenance costs or library patron services. The service levels defined in this agreement for each~~
21 ~~city are based on the assumption of responsibility for library facility maintenance and repair as~~
22 ~~described in Section VII (B). However, notwithstanding the provisions of Section VII (B), each~~
23 ~~city may elect to accept a reduction in the level of service to which it would otherwise be entitled~~
24 ~~in return for a corresponding reduction in its obligation for maintenance and repair costs. Such~~
25 ~~election by a city must be accompanied by a resolution duly adopted by the City Council of said~~

city.

F. — Half Moon Bay Facility

~~In the event the City of Half Moon Bay decides to either replace or significantly remodel and expand the Half Moon Bay Library, the County agrees to contribute 50% of the costs associated with any such replacement or remodeling in recognition that approximately 50% of the population served by the Half Moon Bay Library comes from unincorporated areas. If there is a significant change in the unincorporated area population either by annexation to the City of Half Moon Bay or incorporation of a new city, then the County contribution to the remodel or expansion of the Half Moon Bay Library will be renegotiated by the County and the City of Half Moon Bay. Any budget for such facility construction must be mutually agreed to by the County Board of Supervisors and the Half Moon Bay City Council prior to the County making this contribution.~~

E.G. Library Administration Building

1. The ~~Tower Road~~ 125 Lessingia Road building is owned by the County and is dedicated for the use of the Library JPA. The building operations costs shall be paid from Library JPA funding sources.

2. The Governing Board may investigate and implement building operations and maintenance arrangements independent of the County, in which case the building charges would be adjusted accordingly.

H. — Waiver of Property Tax Allocation Fee

~~The County agrees that it shall waive the imposition of the Property Tax Allocation Fee for Library property tax revenue collected from the unincorporated areas, estimated at \$43,000 in FY 2003-04. The County may reduce this contribution at its discretion; however, this contribution shall not be reduced by more than \$14,333 per year, provided that, if the County elects to forgo some or all of a reduction allowed in a given year, the County may add the reduction it elected to forgo to any reduction allowed in a subsequent year.~~

1 **VII. Property**

2 **A.** The materials in the Library collection and all shelving, furniture and equipment
3 used for Library services shall be and remain the property of the Library System on termination of
4 this Agreement except as otherwise provided in Section I (E). Insurance for this material is the
5 responsibility of the Library JPA.

6 **B.** Maintenance, repair and all capital improvements to new and existing city library
7 facilities shall be the responsibility of the facility owner, or pursuant to an agreement approved by
8 the Governing Board and the facility owner.

9 **VIII. Insurance Provisions**

10 **A.** The County shall add the Library JPA to its existing excess liability insurance
11 coverage and shall maintain such coverage in full force and effect during the life of the Agreement.
12 Coverage and limits shall be equivalent to that provided to Agencies and Departments of the
13 County.

14 **B.** Unless the parties determine otherwise, County shall provide for the defense of any
15 claims or litigation within the self-insured retention limits set forth in subsection A.

16 **C.** Any out of pocket expense or loss, by way of judgment or settlement, arising out
17 of the operation of this Agreement, within the limits of the County's self-insured retention shall
18 be paid from the Library JPA funds, including, but not limited to, all costs of defense, including
19 attorneys' fees. Any additional costs incurred by County in adding the Library JPA to its excess
20 liability insurance coverage shall be borne by the Library JPA.

21 **IX. Notices**

22 The Library Director shall file all notices with the Secretary of State as required by
23 Government Code Section 6503.5 and shall be responsible for any other notices required by law.

24 **X. Amendments**

1 This Agreement may be amended by a ~~2/3rds~~ two-thirds vote of the Parties to this
2 Agreement. In the event there is a change in law affecting a material term of this Agreement, the
3 Parties agree to engage in good faith negotiations on a successor agreement within 45 days being
4 notified of the change in law.

5 **XI. Authorization and Execution**

6 By the execution of this Agreement, each Party hereby authorizes its respective Chief Elected
7 Official to execute such documents as may be necessary to carry out the terms of this
8 Agreement. This Agreement may be signed in counterparts, each of which shall be deemed an
9 original, and all of which constitute one and the same agreement.

AMENDED BYLAWS
FOR
THE SAN MATEO COUNTY LIBRARY JOINT POWERS AUTHORITY

The County of San Mateo and certain cities within the County of San Mateo have entered into a Joint Powers Agreement establishing the Library Joint Powers Authority (hereinafter referred to as the “Library JPA”). The Library JPA hereby adopts the following Amended Bylaws for the purpose of providing for the orderly conduct of its affairs.

ARTICLE I.

NAME.

The name of the separate entity established by the Joint Powers Agreement is the “San Mateo County Library Joint Powers Authority” and may be referred to as the “Library JPA.” The Library JPA is charged with the governance of the San Mateo County Free Public Library system pursuant to the Joint Powers Agreement.

ARTICLE II.

PURPOSES.

The Library JPA shall have the purposes established by the Joint Powers Agreement (“Agreement”), including, without limitation:

- A. Authorize the submission of applications for federal, state, local, and private grants and approve acceptance of such grants as are received, and allow for the delegation of this responsibility to the Library Director.
- B. Advise the County concerning the job performance of the Library Director and concerning any issues regarding the Staff and Services Agreement between the Library JPA and the County.
- C. Act in an advisory capacity to each City Council and the Board of Supervisors in all matters pertaining to public library services and the services of the library system.
- D. Make appointments to advisory boards and other groups with which the Library JPA is affiliated.
- E. Consult with support groups and citizens on development of private donations, and the development and delivery of library services, and cooperate in the formalization of such groups into one or more affiliated non-profit corporations with tax exempt status.
- F. Accept contributions, or authorize the Library Director to accept contributions, of money or property to the Library system and make appropriations in accordance with any limitations imposed by the contributors on the appropriate distribution and use of such gifts, and the Library JPA budget.

ARTICLE III.

MEMBERS; GOVERNING BOARD.

Governing Board membership shall be as established by the Agreement.

A. If both the member and the alternate as described in the JPA Agreement will be absent, the City Council or Board of Supervisors may designate a substitute for that meeting and notify the Library JPA, in written notice to the Library Director, of the designation.

B. Members are expected to attend all meetings of the Board. A member, or designated representative, who is unable to attend a given meeting, shall give advance notice of his/her inability to attend to the Board Chair or to the Library Director.

C. If any member, or designated representative, fails to attend three consecutive meetings, the Chair will notify the City Council or Board of Supervisors to encourage future participation.

D. The Governing Board may appoint such committees as may be necessary from time to time. The Governing Board shall appoint a Personnel and Operations Committees in accordance with the Agreement.

E. Members of the Governing Board and the designated representatives shall comply with State and Federal conflict of interest laws and regulations.

ARTICLE IV.

OFFICERS.

A. The Governing Board will elect a Chair and Vice Chair annually not later than June. Voting shall be public. The Chair and Vice Chair shall be voting members of the Governing Board. New officers shall assume office the first day (July 1) of the next Fiscal Year.

B. It shall be the duty of the Governing Board Chair to preside at the meetings of the Governing Board, call special meetings when necessary and to perform other duties as ordinarily pertain to the office of Chair. The Chair shall set the agenda in conjunction with the Library Director and the Operations Committee Chair.

C. The Vice Chair shall have all the powers and duties of the Chair in his or her absence.

D. The term of office for the Chair and Vice Chair shall commence as stated in paragraph A above, and run for a period of one year. No person shall hold the same office for more than two consecutive terms.

E. Nomination for officers shall be made from the floor. Nominations shall be made by voting members of the Governing Board only. Nominations and election of the Chair shall precede nominations and election of the Vice Chair.

F. A special election shall be called by the Governing Board if the Chair and/or Vice Chair is unable to serve a full term of office. The newly elected member shall serve the remaining term of that office and this remaining term shall be considered a term in determining consecutive terms.

1 G. All officers shall serve without compensation.

2 H. The Chair or Vice Chair may be removed from office at any time by majority vote of the
3 Governing Board.

4 ARTICLE V.

5 STANDING COMMITTEES; OFFICERS.

6 A. Operations Committee.

7 1. The Operations Committee will be comprised of the Chief Executive Officer of each city
8 which is a Party, or his/her designee, and the representative designated by County.

9 2. The Operations Committee shall be responsible for advising the Library Director and
10 Library Governing Board on budget and operational issues of the library system.

11 3. The Operations Committee shall elect a Chair and Vice Chair from among its members
12 annually.

13 4. It shall be the duty of the Operations Committee Chair to preside at the meetings of the
14 Operations Committee, call special meetings and set the agenda in conjunction with the Library
15 Director.

16 5. The Operations Committee Vice Chair shall have all the powers and duties of the Chair in
17 his or her absence.

18 6. The term of office for the Operations Committee Chair and Vice Chair shall commence on
19 July 1 and be for a period of one year. No person shall hold the same office for more than two
20 consecutive terms.

21 7. Nomination for officers shall be from the floor. Nominations shall be made by members of
22 the Operations Committee only. Nominations and election of the Chair shall precede
23 nominations and election of the Vice Chair.

24 8. The Operations Committee may appoint sub-committees as may be necessary from time
25 to time.

26 B. Personnel Committee.

27 1. The Personnel Committee shall consist of: the Governing Board Chair and Vice-Chair; the
28 County Board of Supervisors' member of the Governing Board (if such member is not serving
29 as Chair or Vice-Chair); the County Representative; and the Chair of the Operations Committee
30 (or Vice-Chair if the County Representative is serving as Chair of the Operations Committee).
31

32 2. The Personnel Committee shall perform the following functions:

33 a. Serve as a forum for dispute resolution resulting from the Staff Services
34 Agreement, or other matters involving services provided to the Library JPA by County
35 staff.

36 b. With input from the full Governing Board, conduct performance reviews

1 of the Library Director and make recommendations to the County as the final authority.

2 c. Initiate and conduct a recruitment and selection process for Library
3 Director, in consultation with the Governing Board.

4 ARTICLE VI.

5 MEETINGS.

6 A. The Governing Board shall establish by resolution the date, time and place for regular Library
7 JPA meetings. The Governing Board may call for or set special meetings as deemed necessary.
8 The Ralph M. Brown Act shall control the notice, agenda, action and open/closed session
9 requirements for Governing Board meetings.

10 ARTICLE VII.

11 CONDUCT OF BUSINESS.

12 A. Except as otherwise provided in these Bylaws, or by a majority vote of those present, Roberts
13 Rules of Order, Revised, shall constitute the parliamentary authority for the Library JPA
14 Governing Board and Operations Committee.

15 B. For all meetings, the Governing Board and Operations Committee may use a consent calendar
16 containing items generally non-controversial in nature. Any Governing Board or Operations
17 Committee member, staff or member of the public may request that an item be taken from the
18 consent calendar and voted on separately.

19 C. The Governing Board agenda order of business may be revised by the Chair with the
20 concurrence of the Board.

21 D. The public shall have an opportunity to speak on any Governing Board agenda item. The
22 Chair, with the concurrence of the Board, may set parameters for the nature and length of any
23 comments.

24 E. The Library Director shall prepare or cause to be prepared such reports, studies and
25 recommendations as may be requested by the Board to assist in the conduct of business, including
26 financial reports.

27 F. The Library Director shall be responsible for the maintenance of agendas, records of action
28 taken, and other records and files pertaining to Board business.

29 ARTICLE VIII.

30 ADOPTION OF BUDGET; PROCEDURES.

31 Consistent with the Agreement, the budget for the Library JPA will be adopted annually
32 by the Governing Board. Preliminary study sessions or special meetings will be established by
33 the Chair as needed. Governing Board members may request the Chair to call such sessions or
34 meetings. A preliminary budget shall be prepared by the Library Director and reviewed and

1 approved by the Operations Committee and presented to the Governing Board for approval prior
2 to July 1 each year. A revised final budget shall be prepared and presented to the Governing
3 Board for approval prior to October 15 each year.

4 ARTICLE IX.

5 AMENDMENT OF BYLAWS.

6 The Bylaws may be amended by a majority vote of the Governing Board. Proposed
7 amendments shall be proposed in writing and distributed to all members at least five (5) days
8 prior to the meeting at which they are to be considered. The Governing Board shall vote on the
9 proposed amendment at the soonest practicable regular meeting date.

10 ARTICLE X.

11 CONFLICT BETWEEN BYLAWS AND JOINT POWERS AGREEMENT

12 In the event of a conflict between these Bylaws and the ~~Joint Powers~~ Agreement, the
13 latter shall prevail.

1 AMENDED BYLAWS

2 FOR

3 THE SAN MATEO COUNTY LIBRARY JOINT POWERS AUTHORITY

4
5 The County of San Mateo and certain cities within the County of San Mateo have entered into a
6 Joint Powers Agreement establishing the Library Joint Powers Authority (hereinafter referred to as the
7 “Library JPA”). The Library JPA hereby adopts the following Amended Bylaws for the purpose of
8 providing for the orderly conduct of its affairs.

9 ARTICLE I.

10 NAME.

11 The name of the separate entity established by the Joint Powers Agreement is the “San Mateo
12 County Library Joint Powers Authority” and may be referred to as the “Library JPA.” The Library
13 JPA is charged with the governance of the San Mateo County Free Public Library system pursuant to
14 the Joint Powers Agreement.

15 ARTICLE II.

16 PURPOSES.

17 The Library JPA shall have the purposes established by the Joint Powers Agreement
18 (“Agreement”), including, without limitation:

- 19
20 A. Authorize the submission of applications for federal, state, local, and private grants and
21 approve acceptance of such grants as are received, and allow for the delegation of this
22 responsibility to the Library Director.
23
24 B. Advise the County concerning the job performance of the Library Director and concerning
25 any issues regarding the Staff and Services Agreement between the Library JPA and the
26 County.
27
28 C. Act in an advisory capacity to each City Council and the Board of Supervisors in all matters
29 pertaining to public library services and the services of the library system.
30
31 D. Make appointments to advisory boards and other groups with which the Library JPA is
32 affiliated ~~including the Peninsula Library System Advisory Board.~~
33
34 E. Consult with support groups and citizens on development of private donations, and the
35 development and delivery of library services, and cooperate in the formalization of such
36 groups into one or more affiliated non-profit corporations with tax exempt status.
37
38 F. Accept contributions, or authorize the Library Director to accept contributions, of money or
39 property to the Library system and make appropriations in accordance with any limitations
40 imposed by the contributors on the appropriate distribution and use of such gifts, and the
41 Library JPA budget.
42

1 ARTICLE III.

2 MEMBERS; GOVERNING BOARD.

3 Governing Board membership shall be as established by the ~~Joint Powers~~ Agreement.

4 A. If both the member and the alternate as described in the ~~JPA~~ Agreement will be absent, the
5 City Council or Board of Supervisors may designate a substitute for that meeting and notify the
6 Library JPA, in written notice to the Library Director, of the designation.

7 B. Members are expected to attend all meetings of the Board. A member, or designated
8 representative, who is unable to attend a given meeting, shall give advance notice of his/her
9 inability to attend to the Board Chair or to the Library Director.

10 C. If any member, or designated representative, fails to attend three consecutive meetings, the
11 Chair will notify the City Council or Board of Supervisors to encourage future participation.

12 D. The Governing Board may appoint such committees as may be necessary from time to time.
13 The Governing Board shall appoint a Personnel and Operations Committees in accordance with
14 the ~~Library JPA~~ Agreement.

15 E. Members of the Governing Board and the designated representatives shall comply with
16 State and Federal conflict of interest laws and regulations.

17 ARTICLE IV.

18 OFFICERS.

19 A. The Governing Board will elect a Chair and Vice Chair annually not later than June. Voting
20 shall be public. The Chair and Vice Chair shall be voting members of the Governing Board. New
21 officers shall assume office the first day (July 1) of the next Fiscal Year.

22 B. It shall be the duty of the Governing Board Chair to preside at the meetings of the Governing
23 Board, call special meetings when necessary and to perform other duties as ordinarily pertain to
24 the office of Chair. The Chair shall set the agenda in conjunction with the Library Director and
25 the Operations Committee Chair.

26 C. The Vice Chair shall have all the powers and duties of the Chair in his or her absence.

27 D. The term of office for the Chair and Vice Chair shall commence as stated in paragraph A
28 above, and run for a period of one year. No person shall hold the same office for more than two
29 consecutive terms.

30 E. Nomination for officers shall be made from the floor. Nominations shall be made by voting
31 members of the Governing Board only. Nominations and election of the Chair shall precede
32 nominations and election of the Vice Chair.

33 F. A special election shall be called by the Governing Board if the Chair and/or Vice Chair is
34 unable to serve a full term of office. The newly elected member shall serve the remaining term
35 of that office and this remaining term shall be considered a term in determining consecutive
36 terms.

1 G. All officers shall serve without compensation.

2 H. The Chair or Vice Chair may be removed from office at any time by majority vote of the
3 Governing Board.

4 ARTICLE V.

5 STANDING OPERATIONS COMMITTEES; OFFICERS.

6 A. Operations Committee.

7 1. The Operations Committee will be comprised of the Chief Executive Officer of each city
8 which is a Party, or his/her designee, and the representative designated by County.

9 ~~B.~~ 2. The Operations Committee shall be responsible for advising the Library Director and
10 Library Governing Board on budget and operational issues of the library system.

11 ~~C.~~ 3. The Operations Committee shall elect a Chair and Vice Chair from among its members
12 annually.

13 ~~D.~~ 4. It shall be the duty of the Operations Committee Chair to preside at the meetings of the
14 Operations Committee, call special meetings and set the agenda in conjunction with the Library
15 Director.

16 ~~E.~~ 5. The Operations Committee Vice Chair shall have all the powers and duties of the Chair in
17 his or her absence.

18 ~~F.~~ 6. The term of office for the Operations Committee Chair and Vice Chair shall commence on
19 July 1 and be for a period of one year. No person shall hold the same office for more than two
20 consecutive terms.

21 ~~G.~~ 7. Nomination for officers shall be from the floor. Nominations shall be made by members
22 of the Operations Committee only. Nominations and election of the Chair shall precede
23 nominations and election of the Vice Chair.

24 ~~H.~~ 8. The Operations Committee may appoint ~~such other~~ sub-committees as may be necessary
25 from time to time.

26 B. Personnel Committee.

27 1. The Personnel Committee shall consist of: the Governing Board Chair and Vice-Chair; the
28 County Board of Supervisors' member of the Governing Board (if such member is not serving
29 as Chair or Vice-Chair); the County Representative; and the Chair of the Operations Committee
30 (or Vice-Chair if the County Representative is serving as Chair of the Operations Committee).

31 2. The Personnel Committee shall perform the following functions:

- 32 a. Serve as a forum for dispute resolution resulting from the Staff Services
33 Agreement, or other matters involving services provided to the Library JPA by County

1 staff.

2 b. With input from the full Governing Board, conduct performance reviews
3 of the Library Director and make recommendations to the County as the final authority.

4 c. Initiate and conduct a recruitment and selection process for Library
5 Director, in consultation with the Governing Board.

6 ARTICLE VI.

7 MEETINGS.

8 ~~A.~~ The Governing Board shall establish by resolution the date, time and place for regular Library
9 JPA meetings. The Governing Board may call for or set special meetings as deemed necessary. The
10 Ralph M. Brown Act shall control the notice, agenda, action and open/closed session requirements for
11 Governing Board meetings.

12 ARTICLE VII.

13 CONDUCT OF BUSINESS.

14 A. Except as otherwise provided in these Bylaws, or by a majority vote of those present, Roberts
15 Rules of Order, Revised, shall constitute the parliamentary authority for the Library JPA
16 Governing Board and Operations Committee.

17 B. For all meetings, the Governing Board and Operations Committee may use a consent calendar
18 containing items generally non-controversial in nature. Any Governing Board or Operations
19 Committee member, staff or member of the public may request that an item be taken from the
20 consent calendar and voted on separately.

21 C. The Governing Board agenda order of business may be revised by the Chair with the
22 concurrence of the Board.

23 D. The public shall have an opportunity to speak on any Governing Board agenda item. The
24 Chair, with the concurrence of the Board, may set parameters for the nature and length of any
25 comments.

26 ~~E. Action may be taken on items not appearing on the posted agenda only in compliance with~~
27 ~~provisions of the Ralph M. Brown Act.~~

28 ~~F~~E. The Library Director shall prepare or cause to be prepared such reports, studies and
29 recommendations as may be requested by the Board to assist in the conduct of business, including
30 financial reports.

31 ~~G~~F. The Library Director shall be responsible for the maintenance of agendas, records of action
32 taken, and other records and files pertaining to Board business.

1 ARTICLE VIII.

2 ADOPTION OF BUDGET; PROCEDURES.

3 Consistent with the Agreement, ~~The~~ the budget for the Library JPA will be adopted annually by the
4 Governing Board. Preliminary study sessions or special meetings will be established by the Chair as
5 needed. Governing Board members may request the Chair to call such sessions or meetings. A
6 preliminary budget shall be prepared by the Library Director and reviewed and approved by the
7 Operations Committee and presented to the Governing Board for approval prior to July 1 each year. A
8 revised final budget shall be prepared and presented to the Governing Board for approval prior to October
9 15 each year.

10 ARTICLE IX.

11 ~~ADOPTION AND~~ AMENDMENT OF BYLAWS.

12 ~~A. These Bylaws shall become effective upon affirmative vote of a majority of the Governing~~
13 ~~Board.~~

14 ~~B~~ The Bylaws may be amended by a majority vote of the Governing Board. Proposed
15 amendments shall be proposed in writing and distributed to all members at least five (5) days prior to
16 the meeting at which they are to be considered. The Governing Board shall vote on the proposed
17 amendment at the soonest practicable regular meeting date.

18 ARTICLE X.

19 CONFLICT BETWEEN BYLAWS AND JOINT POWERS AGREEMENT

20 ~~A.~~ In the event of a conflict between these Bylaws and the ~~Joint Powers~~ Agreement, the latter
21 shall prevail.



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Raquel España, Development Manager
Date: January 17, 2018
Meeting: January 23, 2018
Re: Approval of Formation of Library Foundation

Background

Included as a priority in the FY 2017-18 budget, the Library JPA Governing Board approved fund development work to increase support for the San Mateo County Libraries and the needs of our communities. Our new Development Manager started in July 2017 and began reviewing our current fund development practices as well as researching best practices in the field. Currently, San Mateo County Libraries benefits from grants of approximately \$150,000 per year, Friends of the Library support of approximately \$200,000 per year, and individual or community donations and gifts of approximately \$30,000 per year. Grant funds primarily support system initiatives and individual gifts, and Friends funds primarily support activities at one library.

Based on research of various library fund development best practices, staff is recommending the establishment of a library foundation to complement the valuable work of our Friends of the Library. A successful foundation will contribute to a strong, well-funded, highly visible organization, able to attract donors, corporate partners and talented and influential advocates and volunteers to support and enhance San Mateo County Libraries.

Discussion

Numerous public libraries have foundations, in addition to local Friends groups, that provide extensive support for their local community libraries. In King County, WA, a county system similar to San Mateo County Libraries, the Library Foundation grants \$1 million annually to the library system and hosts an annual Friends Day celebration. In Alameda County, the Library Foundation provides \$450,000 annually to the library and supports all capital campaigns for county library buildings. In neighboring counties, San Francisco and Santa Clara both have foundations to fund their libraries. The Friends and Foundation of the San Francisco Public Library have a merged model that provides over \$700,000 annually for general operations, and the Santa Clara County Library District recently established a foundation in 2016, with a goal to provide equity and address system-wide program needs. Most of our neighboring cities including Redwood City, Burlingame, San Mateo and Menlo Park have foundations that were established several decades ago.

Based on informational interviews and research of various library foundations, San Mateo County Libraries would benefit from the establishment of a foundation. A foundation can provide the opportunity to solicit gifts from many sources and receive and administer gifts for the library system's benefit, including gifts that require a 501(c)3 status. As an independent, nonprofit organization, a foundation can be used to expand systemwide programs and services and develop investment strategies to maximize each gift's long-term benefit to the library system. These funds would support programs and activities that the library system could not otherwise afford through its annual operating budget. The Foundation would also take the lead on any state or regional library grants on behalf of the Libraries with minimal staff support.

Distinct from the Friends, gifts to the Library Foundation would allow for various uses including program-based, unrestricted, or location-based, making donating even more appealing. For example, restricted uses may include Summer Learning, Adult Literacy, specific libraries, and capital campaigns. Foundations and Friends of the Library groups can happily co-exist and significantly leverage community support. Staff has attended each of our Friends of the Library board meetings to discuss this recommendation. Since each of our communities are different, the Friends will continue to provide significant financial support for their local community library while the Foundation will focus its efforts on the system.

Based on the research and positive feedback received from our Friends of the Library groups, it is recommended that formation of a Library Foundation with the following guidelines be approved:

- The Foundation's purpose is to raise funds and provide annual resources that support systemwide library initiatives
- The Foundation would not supplant public funding
- The Foundation would apply for grants needing 501(c)3 status
- The Foundation would complement existing Friends groups and would not work in competition to existing groups or fundraise through book sales

If approved, the Development Manager would work with the Library Director and Governing Board members to recruit a working board that would include Governing Board members, Friends of the Library Board members, and several community stakeholders to support the creation of the Foundation. Over the first 18 months, the newly recruited board members would create articles of incorporation, adopt bylaws, establish board guidelines and submit all appropriate paperwork. In collaboration with the Library JPA, a mission statement, goals, fundraising plan and marketing materials will also be developed.

Fiscal Impact

Staff estimates that funds needed to support the establishment of a Library Foundation would not exceed \$20,000. Current appropriations are adequate to cover these costs.

Recommendation

Recommend Library JPA Operations Committee approve establishment of a working board to support the creation of a Library Foundation.



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Nicole Pasini, Deputy Director of Library Services
Date: January 17, 2018
Meeting: January 23, 2018
Re: Approval of Communications Policy

Background

As outlined in the San Mateo County Library Joint Powers Authority Agreement, the Library JPA Governing Board is responsible for creating, adopting and maintaining by-laws and related policies to provide for the conduct of Library business as well as the services and programs of the system. From time to time it is necessary to evaluate and update policies to reflect current library practices, uses and issues.

On November 6th, staff recommended approval of an updated Communications Policy to the Governing Board. The Board asked staff to make some minor adjustments and bring the policy back for review and approval.

Discussion

The Communications Policy was last approved by the Governing Board on November 6, 2017. The updated policy incorporates Board input received at the last meeting and makes it easier for staff to comment on library and/or public sector industry related content through their personal social media accounts.

Fiscal Impact

There is no fiscal impact associated with approving the recommended Communications Policy.

Recommendation

Recommend Library JPA Operations Committee approve the Communications Policy.

Attachments

1. Communications Policy – (Recommended)
- 1a. Communications Policy – (Revisions)

COMMUNICATIONS POLICY (Recommended)

Photos, video, media relations and social media are all tools that help tell the engaging, vibrant story of the San Mateo County Libraries. The Communications Policy supports organizational strategies to raise awareness of services and communicate an inspiring vision and the library's story of impact.

The purpose of this policy is to establish standards for and responsibilities regarding the means by which we communicate about the San Mateo County Libraries in a consistent and compelling voice. These standards ensure that San Mateo County Libraries is using media tools and methods that are compliant with existing policies and legal requirements.

Media Relations

With the intention of providing effective, responsive and consistent communications to our communities through news outlets, primary spokespersons for San Mateo County Libraries are the Communications Manager, Director of Library Services, and/or Chair of the JPA Governing Board.

Photographs and video or audio recordings

San Mateo County Libraries are permitted to take photographs and video or audio recordings of people of all ages at the library and library sponsored events for publicity. If a patron does not want to be photographed or recorded, they need to "opt out" by notifying library staff. Names of patrons will not be used in publicity without consent. Commercial photography or recordings of Library signage, activities, events, equipment, visitors or staff are not allowed without advance permission.

Social Media

San Mateo County Libraries strives to use social media in advancing its organizational mission and goals. All official San Mateo County Libraries presences on social media sites or services are considered an extension of the organization's information networks and are governed by the organization's policies including e-mail, Internet usage and computer policies; this policy applies to all types of online public communications.

- Official use by San Mateo County Libraries of social media services is ultimately the responsibility of Managers. Only authorized agents are permitted to conduct official San Mateo County Libraries business using social media sites and tools.
- Library staff is responsible for complying with all applicable federal, state, and county laws, regulations, and policies. This includes adherence to established laws and policies regarding copyright, fair use, records retention, Freedom of Information Act (FOIA), First Amendment, Health Insurance Portability and Accountability Act (HIPAA), privacy laws and information security policies established by San Mateo County Libraries and the County of San Mateo.

- San Mateo County Libraries reserves the right to withdraw certain posts and/or remove inappropriate comments that are not consistent with San Mateo County Libraries policy and in adherence to First Amendment laws.
- San Mateo County Libraries will monitor all social media content and evaluate the effectiveness of the organization's social media presence to ensure adherence to the Communications Policy for appropriate use, messaging and branding consistent with realizing the mission and vision of the San Mateo County Libraries.
- Social Media and Internet postings should not disclose any information that is confidential or proprietary to San Mateo County Libraries or to any third party that has disclosed information to the organization.
- San Mateo County Libraries Social Media and Internet postings should include San Mateo County Libraries logos or images.
- Library staff communicating with the public and/or posting content in any San Mateo County Libraries sanctioned social media presence will be clearly identifiable as a San Mateo County Libraries employee and abide by the same employee code of conduct applied to normal business operations.
- Staff members using social media are responsible for regularly reviewing and consistently following the San Mateo County Libraries Communications Policy.
- San Mateo County Libraries employees posting library and/or public sector industry related content on personal social media account(s) should neither claim nor imply that they are speaking on the organization's behalf. Staff members who regularly engage in such activity and identify themselves as employees of San Mateo County Libraries should note in their social media account a disclaimer to the effect of: *"The views expressed are mine alone and do not necessarily reflect the views of San Mateo County Libraries"*.

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To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Danae Ramirez, Financial Services Manager
Date: January 17, 2018
Meeting: January 23, 2018
Re: FY 2017-18 Mid-Year Report

Background

The FY 2017-18 Mid-Year Report provides the Governing Board with information about the status of the financial condition of the San Mateo County Libraries. The report includes highlights of current year activities, year-end estimates and significant assumptions which may impact the upcoming budget, and budget development recommendations.

Discussion

The FY 2017-18 Adopted Budget, approved in September 2017, totals \$51,855,578 and distributes resources designed to meet performance and service objectives. Expenditures in the budget contain all operational functions including ongoing operations and one-time projects totaling \$35.4 million and Reserves of \$16.4 million. Due to the leadership provided by the JPA Governing Board and Operations Committee and sound fiscal stewardship, the Libraries' financial condition continues to be strong.

The FY 2017-18 budget captures numerous services and activities designed to meet the goals established in the 2015-2020 Strategic Plan. Highlights of mid-year activities are listed below:

We cultivate an active presence and create spaces that support discovery, enrich lives, and uplift the community.

We have continued efforts to build and update facilities to create inviting and flexible spaces. Staff have been working closely with member Cities on exciting new projects in Atherton, Brisbane, East Palo Alto, Half Moon Bay and Pacifica. Construction of the new Half Moon Bay Library is on schedule and should be completed by the end of this fiscal year, with a grand opening thereafter.

The Maker Space Master Plan, approved by the Board this year, has set a strategy to build upon our current maker programs and develop an exciting course for the future. The Plan has been shared with architects working on our new and existing libraries and selection is underway for a contractor to assist in the design and development of two new outreach vehicles, a maker mobile and play mobile.

Many new digital resources have been added this year, including a streaming video service, an online learning platform for children, and movie and television hotspots. We are also working to support community efforts to preserve and share local history collections. The Library is currently seeking proposals for a consultant to make recommendations on preserving and digitizing these collections, as well as designing storage and presentation plans to increase accessibility.

We are leaders in establishing a foundation for early literacy and supporting exploration and growth at every stage of life.

Our Community Conversation series focuses on listening, learning and discovering shared values through facilitated civic dialogue. The first round of programs has come to completion and participants have reported profound impacts. The Library offered 31 programs in four months, with at least one at every library, covering topics on empathetic listening, the Constitution, housing, immigration and diversity.

We continue to work with our city library partners to expand participation in the Summer Learning Challenge, through the support of Measure K funding. Our libraries will continue to offer engaging and unique summer programming that are inclusive for all youth and families. Despite the loss of federal funding supporting the Big Lift Inspiring Summers Camps, momentum is high, and the Library will still serve approximately 1,300 Kindergartners through 2nd graders at nine schools throughout the County.

Our successful technology lending programs are expanding to include additional lending laptop machines, circulating filmmaking kits, GoPro camera kits, and Starlings (early learning talk pedometers); and initial work has begun to improve assistive technology services, and increase public WiFi networks.

We understand community needs and promote meaningful library services as solutions.

Fund development research has been completed and staff has made a recommendation to the Governing Board to establish a Library Foundation. A successful foundation would enhance library services and support systemwide program needs to ensure equitable access.

A new employee performance and development process has been implemented that eliminated traditional performance reviews and replaced them with frequent check-ins and employee engagement surveys. Staff response has been positive and the surveys are providing supervisors with data-rich, targeted information to focus on future growth and development.

Staff have identified Project Outcome as an effective tool to better help communicate San Mateo County Libraries' impact. This tool helps public libraries understand and share the impact of essential library services and programs by providing standardized outcome surveys and a process for measuring and analyzing outcomes, as well as training and support. We are currently testing processes and designing an implementation plan.

FY 2017-18 Financial Status

Using historical trends, projections and actual activity in the current fiscal year, the Library is estimated to realize 105% of projected revenue and spend 98.3% of budgeted expenditures. The change of revenue of \$1,335,029 is primarily due to excess ERAF and includes a modest increase in secured and unsecured taxes, RDA funds, and unrealized Measure K funds associated with the East Palo Alto renovation project which is still in the planning phases. Expenditure savings are estimated to be \$902,647 primarily due to unspent Measure K funds associated with the East Palo Alto renovation project, and includes the carry-over of costs associated with the Foster City maker space and various IT projects in addition to modest salary savings. An estimated Fund Balance of \$18,687,748 representing revenue, expenditure savings and Reserves will be carried over into FY 2018-19. The table below provides a breakdown of projected year-end revenues and expenditures.

FY 2017-18 Mid-Year Estimate Summary				
	FY 2017-18 Adopted Budget	FY 2017-18 Year-End Estimate	FY 2017-18 Year-End Balance	% of Budget Realized/Spent
Revenues				
Taxes	26,554,011	27,889,040	1,335,029	105%
Use of Money and Property	121,000	121,000	0	100%
Intergovernmental Revenue	163,000	163,000	0	100%
Charges for Services	124,000	124,000	0	100%
Interfund Revenue	141,442	141,442	0	100%
Miscellaneous Revenue	2,564,032	2,564,032	0	100%
Total Revenue	29,667,485	31,002,514	1,335,029	104.5%
Fund Balance	22,188,093	22,188,093	0	100%
Total Available Funds	51,855,578	53,190,607	1,335,029	102.6%
Expenditures				
Salaries and Benefits	17,873,376	17,771,276	102,100	99.4%
Services and Supplies	32,443,123	31,632,576	800,547	97.5%
Other Charges	1,927,408	1,927,408	0	100%
Fixed Assets	500,000	500,000	0	100%
Other Financing Uses	12,463	12,463	0	100%
Gross Appropriations	52,746,370	51,843,723	902,647	98.3%
Intrafund Transfers	(17,340,865)	(17,340,865)	0	100%
Net Appropriations	35,405,505	34,502,858	902,647	97.5%
Operating Reserves	4,119,737	4,119,737	0	100%
Capital Reserves	12,330,336	12,330,336	0	100%
Total Expenditures	51,855,578	50,952,931	902,647	98.3%
FY 2017-18 Fund Balance Estimate			18,687,748	

FY 2018-19 Revenue and Expenditure Assumptions

The following revenue and expenditure assumptions are based on current economic indicators, historical trends, negotiated agreements and potential legislative changes which may influence development of the budget. Significant sources of revenue are addressed followed by a summary of major operating costs.

Revenue Assumptions

County Free Library Property Taxes

Property tax revenues are the Library's primary source of funding. Designated as a special district, the system is entitled to receive a small portion of the property tax collected within the boundaries of the Library service area. A total of 283,000 people live within the boundaries of the Library's legal taxing district, which covers 351 square miles.

Secured property tax revenues (taxes assessed against real property) are expected to increase 5% or approximately \$1.3 million in FY 2018-19. This anticipated growth is attributed to increasing property values and a robust housing market. Unsecured property taxes (taxes on aircraft and commercial equipment largely generated from businesses at San Francisco International Airport) are expected to increase by 1%. This growth is primarily attributed to business expansion and adjustments made for tangible inventory.

Excess Educational Revenue Augmentation Fund (ERAF)

Pursuant to Revenue and Taxation Code 97.2 and 97.3, property tax contributions made by local governments to the ERAF in excess of State-mandated school funding levels are returned to the local governmental entity that made the contribution. Due to the potential unpredictability of this funding, the JPA Governing Board has authorized the use of excess ERAF for non-recurring expenditures. Amounts not appropriated for one-time purposes are set aside in Reserves.

Excess ERAF increased in FY 2017-18, the Library will realize revenue of \$3.9 million. The amount in FY 2016-17 was \$3,398,863. Factors which could further influence the continuation and/or level of funding include additional State mandated changes to school funding formulas, or the State utilizing these funds for other State purposes.

Measure K

Measure A, a half-cent sales tax designed to support general county services and functions, was approved by voters in November 2012. Measure K, approved by the voters in November 2016, extended the half-cent sales tax for an additional 20 years. The Library will continue to receive an allocation of \$366,000 of Measure K funds to support Summer Learning in FY 2018-19. Additionally, the Library will receive approximately \$850,000 in FY 2018-19 to support Big Lift Inspiring Summers.

Expenditure Assumptions

Salaries and Benefits

Salaries and benefits represent the most significant ongoing operational cost for the Library. At Mid-Year FY 2017-18, the Library estimates that it will spend \$17,771,276 for salaries and benefits. This estimate includes an SEIU negotiated 3% salary increase for represented staff that became effective on October 8, 2017. Management receives the same percentage salary increase as represented staff.

All staff, including represented staff and unrepresented management, are employees of the County of San Mateo. All non-management permanent staff and non-permanent extra-help employees are represented by SEIU Local 521, the County's second largest union. The current MOU, approved in 2014, is set to expire in October 2018.

Services and Supplies

The Library will continue to restrict the use of County Free Library revenue due to existing Donor Fund provisions outlined in the Library JPA Agreement. Preliminary estimates for FY 2018-19 will require that amounts of approximately \$2 million be set aside and withheld from general operations. The Library Donor Funds Subcommittee recommendation to split these excess funds equally was approved by the Governing Board in June 2017 but the change will not take effect until at least FY 2021-22.

Costs associated with support provided by the Peninsula Library System, including materials distribution and delivery service, oversight of the shared online library catalog, and costs related to databases and maintenance agreements, are estimated at \$1.1 million.

Library Reserves

The Library utilizes Reserves it has built up over time, primarily through the accumulation of excess ERAF, to support significant one-time projects, often in response to changes and service innovations made in the industry or to support the costs associated with interior furnishings, equipment and collections due to decisions made by member cities to build and/or remodel library facilities.

One-time activities utilizing Reserves in FY 2017-18 total \$8.6 million and support an array of equipment, materials and activities that improve the delivery of library service. Based on service priorities and past direction from the JPA Governing Board, staff intends to include recommendations for use of Reserves to support one-time purchases and projects in the FY 2018-19 Budget presented in May.

FY 2018-19 Budget Development Recommendations

Staff recommends moving forward with development of the FY 2018-19 Budget based on the following recommendations:

- Place an emphasis on developing services and programs that support and align with our Strategic Plan goals.
- Continue to operate at existing levels based on projected property tax revenue which is anticipated to roughly offset the estimated increases in ongoing personnel costs.
- Continue the use of excess ERAF and Reserves to support one-time services and activities.

The Library continues to set ambitious goals and utilize all its resources to strengthen the community. Under the leadership provided by the JPA Governing Board and Operations Committee, Library staff look forward to fulfilling the goals established for the current year and submitting a FY 2018-19 budget that reflects the exciting goals outlined in the Strategic Plan.

Fiscal Impact

There is no fiscal impact associated with accepting this report. JPA Operations Committee and Governing Board direction will be used to prepare the FY 2018-19 Budget.

Recommendation

Recommend Library JPA Operations Committee accept the report and direct staff to move forward with the development of the FY 2018-19 Budget.



To: JPA Operations Committee
From: Anne-Marie Despain, Director of Library Services
Date: January 17, 2018
Meeting: January 23, 2018
Re: Director's Report

This report summarizes significant library operations and program activities that have occurred since the last meeting of the Operations Committee. Services and activities are aligned with our Strategic Plan Goals.

We cultivate an active presence and create spaces that support discovery, enrich lives and uplift the community.

Library Projects

We have continued to work closely with city staff on exciting new projects in Atherton, Brisbane, East Palo Alto, Half Moon Bay and Pacifica. The East Palo Alto Needs Assessment has been approved; Pacifica's Library Advisory Committee has completed its work; final designs are nearing completion for the new Atherton Library; Brisbane Library construction documents have been completed; and construction on the new Half Moon Bay Library is on schedule to be completed by the end of this fiscal year with a grand opening shortly thereafter. Our experience with new libraries is circulation and library visits double almost immediately. Efforts to build and improve library facilities will continue to dramatically transform our system and communities.

East Palo Alto Winter Programs

We strengthened our popular annual tradition of Winter Wonderland and Winter Meals this year. Winter Wonderland uplifted the community with live music, photos with Santa, a kiddie pool full of "snow", and crafts to inspire kids and families from every background. The Library was transformed with the energy and holiday spirit of over 600 attendees throughout the evening.

Winter Meals welcomed people into the library to enjoy free meals during the school break in an effort to eliminate hunger in our community. We are proud to have served more than 1,000 meals in December. Children loved the opportunities to make art and be creative with their families during the mealtimes. The time and space for togetherness and collaboration strengthened the community as a whole.

Lookmobile at GIS Day

The Lookmobile was a hit at the second annual San Mateo County GIS (Geographic Information System) Day. The County's Information Services Department hosted the event on November 15. The program provided a platform for local GIS teams from various organizations and government entities, including San Mateo County Libraries, to show off their maps and apps. Participants expressed their delight with the Lookmobile, requesting local school visits or making plans to bring their families to visit the Lookmobile at its next stop. It's hard to believe that the Lookmobile was launched a little over a year ago. In its first year, the Lookmobile has made over 75 visits to libraries, schools, community gathering places and special events, reaching more than 10,000 people throughout the County.

New Movie Streaming Service

San Mateo County patrons now have access to more than 30,000 films for free through a new streaming service called Kanopy. The collection includes some of the world's best films, including award-winning documentaries, rare and hard-to-find titles, film festival favorites, indie and classic films, and world cinema. Patrons will have access to videos from The Criterion Collection, Samuel Goldwyn, The Great Courses, PBS and thousands of independent filmmakers. Card holders will be able to stream ten movies per month and can watch from any computer, television, or mobile device. Like our other digital services, patrons never accrue late fees for checking out titles because they are returned automatically.

We are leaders in establishing a foundation for early literacy and supporting exploration and growth at every stage of life.

Community Conversations

We are thrilled to continue our year-long, grant funded Community Conversation series focused on listening and learning together to discover shared values. The impact of the first 31 programs has been substantial, with at least one program at every library, covering topics on empathetic listening, the Constitution, housing, and diversity.

Representative survey responses from the Home for All program attendees included the findings that: 92% were more aware of issues in their communities, 75% intend to become more engaged in their community, 71% felt more confident about becoming involved in their community, and 84% were more aware of resources. Sample comments on what the public most valued about their experience include: "Bringing together our community" and "the opportunity to discuss different points of viewpoints and hear from leaders in the community".

Upcoming Community Conversations programs include immigration, education, women's rights, and the environment, and will continue to be facilitated by the Peninsula Conflict Resolution Center (PCRC). In addition, twenty-four library staff members completed facilitation training with PCRC to strengthen our skills and abilities in order to continue the program beyond the grant period.

Poet Laureate Spoken Art Event

Spoken Art is a community-wide project of the San Mateo County Poet Laureate, Lisa Rosenberg, showcasing both visual and language arts, as local poets respond to the work of local artists. Poems about art - "ekphrastic" poetry - broaden our enjoyment and understanding of many kinds of art, of the poets' lives and voices, and of the communities they collectively represent. The Spoken Art program featured the work from several different San Mateo County artists, and invited residents to create poems in response. On November 2, over one hundred community members of all ages gathered at the Belmont Library to hear readings of selected poems, meet the poets and artists, and view the artwork. The next showcase will take place in spring.

Science Action Club

The Science Action Club is an afterschool program provided in partnership with the California Academy of Sciences to offer a series of 12 hands-on classes for middle school kids. These 1-hour sessions center around engaging STEAM-based learning activities in a focused curriculum. Last year, the program was piloted at the San Carlos Library. This fall we expanded it to include Atherton, Half Moon Bay, Millbrae, and Woodside. Students worked on Cloud Quest, exploring the impact of clouds on weather and climate. Half Moon Bay's program was so well received, that it was expanded to include another offering onsite at the Moon Ridge Apartments. Millbrae was also able to partner with the Boys and Girls Club to ensure the program's success. All staff was trained on how to implement the hands-on citizen science curriculum and best practices for teaching science in a fun environment. Student Action Club will return in the spring.

Summer Report & Results

Impressive gains were found for students in The Big Lift Inspiring Summers program this year. The 1,478 Kindergarten through 2nd grade children who participated experienced a one-and-one-half month reading advantage instead of the typical two-month summer loss for a net gain of three-and-a-half months. This year, San Mateo County Libraries engaged an external evaluator, Public Profit, to conduct a program quality assessment and analyze parent and staff results. We are excited to share the full report at the next JPA meeting.

Laptop Vending Machines

In February, our new Laptop Anytime vending machines will be expanded. Currently 108 laptops and iPads are available at Belmont, East Palo Alto, Foster City, Half Moon Bay, Millbrae and San Carlos libraries. New machines will be added at the Portola Valley Library, both Pacifica Libraries, and Belmont and Foster City will expand their systems adding an additional 84 laptops, bringing the total available for public use to 192.

We understand community needs and promote meaningful library services as solutions.

Library Award

For the ninth consecutive year, San Mateo County Libraries were named a star library by Library Journal, ranking 3rd in the State and 16th nationwide among similar peer public

libraries. Library Journal is the library field's leading professional publication. This year, 7,349 public libraries qualified to be rated and 260 qualified as star libraries. Eligible libraries are grouped by total operating expenditures and then, within each of those groups, rated based on how their five measures compare to the peer group's means (or averages) of these five measures: library visits, circulation, program attendance, and public Internet terminal use—and, now, electronic circulation. Being ranked as one of the best public libraries in the country serves as a demonstration of staff's commitment and dedication, and the important value of our community services.

Volunteer Satisfaction Survey Results

In October, a volunteer satisfaction survey was sent to over 600 active and inactive volunteers in the library system. This survey represents volunteers between the ages of 13-93 who have given at least 30 hours of their time. Key highlights:

- We currently have over 500 active volunteers monthly
- 90% of our active volunteers would recommend volunteering with San Mateo County Libraries
- 75% of our inactive volunteers would volunteer again
- 68% of our volunteers have volunteered for over one year

Individuals surveyed included Friends of the Library volunteers as well as general library volunteers providing collection, tutoring or program support. The data from the survey will inform our Volunteer Workgroup which is updating volunteer guidelines and creating a framework for recruitment, retention and recognition of volunteers in 2018.

Staff Development Day

Our Employee Engagement and Wellness Workgroup has selected May 3 as Staff Development Day. All libraries will be closed so staff can participate in this annual day of training and development. As has been past practice, the public will be provided with early notification of this library closure.

Employee Recognition

Pacifica Library Assistant Chris Vance was recently honored by the County for his 10 years of service to the Library and awarded KPIX's Jefferson Award for Public Service. The Jefferson Award's guiding principles are degree of community impact, inspiration, sustainability of effort, innovation, and fulfilling a community need. Chris has met these standards and more through his work establishing and overseeing the Sanchez Library Garden. The produce from the garden is donated to the Pacifica Resource Center and distributed to community members in need. Chris and his volunteers care and cultivation of the raised beds have resulted in an annual yield of 800 pounds of vegetables! Congratulations to Chris for his years of service and numerous contributions to the Library and community.

December 7, KPIX 5, [Pacifica Gardner Donates Produce Bounty to Those In Need](#)

December, Pacifica Riptide, [Pacifica Gardner Feeds the Poor](#)

Procurement Software

Since last February, a Purchasing Solutions Workgroup has been working to make improvements to the Library's purchasing practices. The Purchasing Solutions Workgroup completed a thorough analysis of the Library's purchasing process, evaluated multiple solutions, and recommended a cloud-based solution called Coupa, a spend management software company located in San Mateo. The Library is in the process of negotiating a one-year agreement with Coupa that will include a one-time implementation fee of up to \$50,000 plus a one-year subscription cost of \$34,150. The new software and process will increase real time reporting, allowing staff to see where orders and reimbursements are in the process and moreover, it will help the Library realize savings by reducing the amount of staff time needed to make purchases as well as reducing administrative time processing invoices and staff receipts.

Open Data Portal

In FY 2014-15 the Library increased transparency and our commitment to open government through the County's Open Data Portal. The portal provides the public and policymakers with an easily accessible view of service and activity data. [Open Checkbook](#) is designed to allow anyone to easily find transactions by agency, vendor or expenditure type.

State Legislative Update

The Governor recently unveiled his final state Budget proposal, as he completes the last year of his term in office. Significant new funding of \$9.5 million for public libraries is part of the Budget package. This funding seeks to benefit library literacy programs, libraries that need to connect to high-speed broadband or those that wish to increase existing speed, and support for creative ways of sharing and delivering library materials.

The Governor's 2018-2019 Budget proposes the following:

- An increase of \$2.5 million General Fund ongoing to expand the existing California Library Literacy Services program;
- \$5 million General Fund one-time for broadband equipment grants, with the expectation that \$2 million would support connection for public libraries who lack access to the broadband network and \$3 million would expand capacity for libraries already connected;
- \$1.5 million General Fund one-time for online systems for use by public libraries to support efficient access to resources; and
- \$500,000 for a combination of State Library staffing and taxes related to the CENIC broadband project.

Personnel Updates

I am pleased to make the following personnel announcements:

Amanda Scampini and Rachel Evans have been hired as Senior Librarians to fill vacancies at the Atherton and San Carlos Libraries.

Amanda Scampini comes to us from the state of Wisconsin, where she served as the Director of Education and Director of Conservatory Connections for the Wisconsin Conservatory of Music. Amanda managed the Connections program, which provided over 90 community programs for state government, private sector, and non-profit offices. She has previous experience as a librarian employed by the Library of Congress and an archivist with the Dance Heritage Coalition. She holds two Master's Degrees from the University of Wisconsin Milwaukee - one in Music History and Literature, and the other in Library and Information Science.

Rachel Evans has over six years of experience serving as both Senior and Branch Librarian with the New York Public Library. There she managed a large urban library, coordinated children's services, and broadened work with community organizations. Her previous work experience includes work as a Supervisor with the Spokane County Library District. She holds a Bachelor's Degree from Western Washington University, and a Master's Degree in Library and Information Science from San Jose State University. Rachel is also a licensed and certified Yoga Instructor.

Please join us in welcoming Amanda and Rachel!

Vaughn Harrison recently retired in October. She joined the system as a Library Assistant in 2001 and spent twelve years splitting her time between the Bookmobile and Half Moon Bay Library. In 2013, she began working solely at the Half Moon Bay Library. Vaughn especially enjoyed reference work, and serving a diverse community. She was one of our inaugural bloggers, and wrote about everything from libraries in Timbuktu to Science and Religion. She co-founded the Seniors' Mystery Book Club in Half Moon Bay.

Conrad Yamamoto recently retired in December. Conrad worked as a Librarian at the Foster City Library since 1989, a career spanning 28 years! He helped plan and open the new Foster City Library in 1997 and has seen dramatic changes to the profession and our library system (including the formation of the Library JPA) during his tenure. Not only has he dedicated his career to public service, he has been a champion for staff; working for many years as one of the Library's union stewards, he has devoted many hours and late nights to labor relations and contract negotiations.

Vaughn and Conrad will be greatly missed by patrons and staff - we wish them all the best in their new adventures!