

THE MENDOCINO COUNTY FREE LIBRARY

How Is It Doing After Measure A?

June 9, 2014

SUMMARY

While researching Measure A issues, the Grand Jury discovered that historically the General Fund has not paid the County Librarian's salary and benefits as required by law. The salary is estimated at \$1,280,000 for the period of 1998 through 2013. Instead the County Librarian's salary was paid by the Library budget.

Three years ago, the Board of Supervisors passed, and the voters approved an ordinance on the ballot as Measure A, which levied a 1/8% sales tax for the Library.

What has been the result? There is bad news and some good news.

The bad news is that the County Administration, hungry for money, immediately started charging the Library for indirect support. Some of these charges are legitimate; some are not. All expenditures of the Library are carried on the County books as coming from the General Fund, when in fact, many of these expenditures are paid by dedicated revenue. Dedicated revenue is property tax and the Measure A sales tax. The County does not properly account for the Library's dedicated pro-rata share of the property tax.

The Library's defense of its funds generated great tension between the Library, the Chief Executive Officer, and the Board of Supervisors. After a closed personnel session on March 25, 2014, the County Librarian and the Library's Administrative Services Manager II were no longer employed. This loss of professional knowledge and financial expertise has added unneeded and unsettling tension to the operation of the Library.

More control over the Library and its funds is shifting to the Chief Executive Officer, contrary to state law and county code. The County Free Library is a Special District. The County labels and manages the Library as if it were a department. The tight control of the Chief Executive Officer has prevented the Library from spending its dedicated revenue for the enhancement of its services, especially in information technology.

The good news is that, because of Measure A, the libraries are open full time, the collection is increasing, new equipment has been added, children's librarians are back, and the bookmobile has added new stops.

The Grand Jury urges the Board of Supervisors to honor their constituents' steadfast love for their libraries. The Grand Jury recommends that the Board of Supervisors proceed in accordance with the law in an open and transparent manner. Recruitment of a permanent County Librarian should begin immediately.

The Board of Supervisors should actively work with the Library Advisory Board to ensure the County Free Library is better able to serve all the residents.

GLOSSARY

A-87 Costs	Charges levied on another government body to reimburse the County General Fund for indirect costs. The State has established rules for the calculation of countywide cost plans. The county draws up a new plan each year which must be approved by the State Controller.
CEO	Chief Executive Officer of the County
Friends of the Library	Non-profit corporations whose purpose is to support their local libraries. Each branch has an affiliated Friends group.
General Fund	The main operating fund used to account for countywide financial resources and liabilities, except those that require separate fund accounting
IT	Information technology
Library Advisory Board	Established by a Board of Supervisors resolution to advise the Supervisors and County Librarian. Comprised of one representative from each supervisorial district and one from each city, which holds open noticed meetings around the County.
Measure A	A countywide initiative authorizing the assessment of 1/8% sales tax to support the County Free Library, which sunsets on April 1, 2028.
Proposition 13	Initiative enacted by the voters in 1978 that redefined property tax rates.
Pro rata	According to a certain rate, percentage, or proportion.

BACKGROUND

Today, the Mendocino County Free Library consists of the Bookmobile, and libraries in Fort Bragg, Ukiah, Willits, Point Arena, and Covelo.

At the urging of the Library Advisory Board and to address funding concerns, Measure A was placed on the ballot to prevent the closure of a branch of the County Free Library, to restore lost services, and to ensure adequate funding in the future, beyond the funds from the dedicated property taxes. This effort took more than 3 years to accomplish.

Measure A imposed a 1/8% sales tax (0.00125) to be used exclusively for the County Free Library. Measure A won by a large margin above the two-thirds required vote - 74.7 % of the voters said “yes.” It became effective April 1, 2012.

In accordance with California Penal Code §918, the Grand Jury decided to investigate the use of the proceeds from Measure A after hearing a number of complaints from concerned citizens.

APPROACH

The Grand Jury researched state law and county code, documents, newspaper and historical society archives, the agendas and associated documents and videos of relevant Board of Supervisor sessions, the agendas and minutes of the Library Advisory Board, and budgetary information.

The Grand Jury interviewed individuals from the CEO's office, the Auditor's office, General Services Agency, Friends of the Library, Library Advisory Board, and the County Librarian and staff. The Grand Jury also received information from County Counsel and County Human Resources.

FACTS

A-87 Costs

A-87 costs are charges levied on another government body to reimburse the County General Fund for indirect costs. The State has established rules for the calculation of countywide cost plans. The County draws up a new plan each year which must be approved by the State Controller.

There are two basic categories of A-87 costs: 1) service departments and, 2) equipment and building use. These A-87 costs represent overhead charges for the Library.

The service departments include:

- County Executive Office
- County Treasurer/Tax Collector
- General Services
- Information Services
- Human Resources
- County Auditor
- Building and Grounds
- County Counsel
- Retirement

Equipment Use and Building Use charges are:

- Percentage of the total original cost of equipment over \$2,000
- Equipment Use charges are 6.67% for 15 years
- Percentage of the original cost and subsequent capital improvements of the buildings in Willits and Fort Bragg
- Building Use charges are 2% for 50 years

The Auditor provided the Grand Jury a list of equipment for which A-87 charges are being assessed. The Grand Jury notes that only one of the equipment purchases might be qualified for A-87 costs, since the asset was acquired in 2012. The Bookmobile is the asset acquired in 2012. However, the Bookmobile was not acquired with General Fund monies and is not subject to A-87 charges.

All of the other equipment was acquired prior to 1996. A-87 charges apply to assets for only a period of 15 years past the date of acquisition. The oldest equipment included on the list was

acquired in 1972. The Auditor's list showed no acquisitions that would properly be subject to A-87 equipment costs.

The Countywide Cost Allocation Plan establishes the A-87 costs. A handbook issued by the State Controller sets forth proper methodology for this allocation plan. The portion of the handbook which deals with central support services states, "...costs must be reasonable and necessary for proper and efficient performance...." (Handbook §2120)

As an example of reasonable and necessary costs, Measure A allowed the Library to hire 19 new employees. This will result in an increase of A-87 service costs to the Library.

As an example of some unnecessary service costs, the CEO requires the Library to use the County's IT services rather than hiring its own in-house personnel. Placing the position within the General Fund department increases the A-87 costs to the Library, while lessening the ability of the County Librarian to manage the digital services.

Additional examples of unnecessary costs:

- In March, 2014, the CEO ordered that all press releases about the Library be issued by the CEO's Office.
- All maintenance to the library facilities, even changing a light bulb, must be performed by General Services Agency personnel.

In September 1987, fire destroyed the original Fort Bragg Library, which was built in 1913, and owned and maintained by the City of Fort Bragg. The County used the insurance payment to build a new Ten-Mile Justice Court, buy the current library building (a former mortuary), and make needed modifications to it. The remaining \$150,000 of the insurance money was put into the General Fund. The County now uses the cost of buying the replacement building by the insurance reimbursement as a basis for A-87 charges. No expenditure of County funds was required or used.

Measure A, now a County ordinance, was drafted and promoted to ensure that the sales tax would be new money to supplement existing expenditures without supplanting existing Library funding. (Appendix A)

The Library has spent the funds as promised. The County Free Library is being revitalized with new services, new programs, normal hours, and restoration of children's programs. The new teen room in the Ukiah Library offers a safe, welcoming place for teens.

As soon as Measure A taxes began to be received, the Board of Supervisors began to charge A-87 costs to the Library. The Board of Supervisors had not assessed A-87 costs for many years, regarding this as a subsidy to the County Free Library. In fiscal year 2011-2012, these charges totaled \$78,371. This is equivalent to 29% of the Measure A revenue collected that fiscal year.

A-87 costs were not included in the Library's final budget for fiscal year 2011-2012. However, subsequent to the passage of the budget, A-87 charges were assessed against the Library's budget.

County Departments which are funded by the General Fund are not charged A-87 costs. Local entities that are charged A-87 costs are:

- Air Quality Management District

- Department of Transportation, including the Road Fund
- Library

Of these three, the Library is the only one that does not receive state or federal funds. For the other two entities, the County budget line item 862194 is used to identify A-87 costs. This line item is not used in the Library budget. The Library A-87 costs appear as line item 865802 Operating Transfer Out, which may include other non-specified charges. Without identifying the A-87 costs, the legitimate A-87 costs cannot be determined. This prevents identifying which charges are appropriate.

In fiscal year 2013-2014, the Library paid \$87,739 for the service departments' charges and \$51,612 for equipment and building use charges for a total of \$139,351. Because of overcharges of \$24,705 in prior years, the actual charges were \$114,646.

The County Librarian and the Library Advisory Board were opposed to the Equipment and Building charges and sought to have them waived. This led to tension between the Library Advisory Board, and the CEO and the Board of Supervisors.

State law provides that Equipment and Building charges have no allowance for depreciation. These charges to the Library go into the General Fund, unavailable to the Library for repairs, maintenance, or replacement.

The CEO controls the agenda for the Board of Supervisors. An agenda request to discuss A-87 charges by the County Librarian was denied by the CEO. The Library Advisory Board is charged with the responsibility of advising the CEO and the Board of Supervisors about the Library budget. During development and adoption of the County budget for fiscal year 2013-2014, the representatives of the Library Advisory Board were allowed to address the Board of Supervisors only during the public comment period. Despite the objections of the County Librarian and the Library Advisory Board, the Library's budget was approved with A-87 charges intact. (Appendix B)

At the Board of Supervisors' meeting of September 24, 2013, the CEO addressed the issue under the CEO's Report to the Board stating: "Since 1998-99 the General Fund has contributed \$653,122 to the Library Fund in excess of the County's obligation representing property taxes. The Library's Building and Equipment Use Charges, as has historically been the case, are considered legitimate A-87 costs and as such need to be paid." The CEO then noted that non-payment would result in a loss of about \$100,000 to the General Fund.

The Board of Supervisors unanimously approved, at the November 5, 2013 Board meeting, to send a letter to the Chair of the Library Advisory Board. This letter, dated November 4, 2013, stated, "...the Library is required to pay its A-87 costs" and acknowledged that the County had waived the A-87 costs in the past. It also noted the General Fund contribution was over and above the requirements. (Appendix C)

A subsequent communication from the Library Advisory Board regarding A-87 costs was answered by the CEO re-sending the November 4 letter and telling the Advisory Board that any future discussion must be with individual Supervisors. Contrary to §2.28.070(c) of the Mendocino County Code, the CEO instructed the County Librarian to say nothing more of A-87.

Library Entitled to Share of Property Tax

The Mendocino County Library system is a County Free Library. A County Free Library is governed by California Education Code §19100 *et seq.* (Appendix D) It is under the general supervision of the State Librarian (§19167) and the County Board of Supervisors (§19160)

The State Legislature, in Assembly Bill 3027 passed in October 1992, established that County Free Libraries were and are special districts, entitled to their pro rata share of property taxes. If a County Free Library were to be abolished, the county's general fund would not benefit since the property tax rate would be reduced by the library's dedicated rate.

The fact that the County Free Library is a Special District was recognized and acknowledged by the County Administrative Officer in a memorandum to the Board of Supervisors dated November 10, 1992. (Appendix E)

The County Free Library law assumes that there would be an account for Library funds separate from the General Fund. The County Treasurer, County Auditor or the General Services Agency (General Services) do not have a separate account for Mendocino County Free Library's property tax funds. This revenue is placed in the General Fund and transferred quarterly into the County Free Library budget unit.

The County budget, management, and accounting practices do not reflect the legal reality that the Library is a special district. Nowhere in the budget can it be discerned that the library is funded by a precise share of the property tax. The Library's required share of the property taxes simply appears in its budget as Operating Transfer In. In the General Budget Information section, the Library's dedicated share of the property tax is labeled a "county financing requirement."

The Library's dedicated property tax revenues are passed through the General Fund, thereby losing their distinct character and any investment interest earned on these revenues goes to the County. Other Special Districts have special individual accounts in the County Investment Pool. Investment earnings are distributed quarterly to the participants in the County Investment Pool.

The Library District's precise and legal pro rata share of property taxes is an unknown. The Grand Jury was not provided with this information by either the Auditor's Office or the Executive Office.

After the passage of Proposition 13 in 1978, AB 8 (L.Greene) Chapter 282, Statutes of 1979, established a method for allocating property tax revenues to local agencies based on their historical shares. This statute, plus historical Mendocino County data, provides a basis for a calculation of an accurate pro rata share for the Library by the appropriate County Officials.

Currently, the Library's dedicated share of property taxes is calculated by adjusting the prior year's allocation up or down depending on growth or decline of the total assessed value of property in the County.

The Grand Jury found that a method for estimating the legally required share lies in a November 10, 1992, memorandum from the County Administrative Officer to the Board of Supervisors. (Appendix E) The County Administrative Officer wrote:

"The Auditor-Controller and I have reviewed the tax rate which has been established for the Library and together, we have concluded that in order to meet the letter of the law, we

must make available to the Library system no less than \$471,000 during the current fiscal year,” i.e., the 1992 fiscal year.

Dividing \$471,000 by the total assessed value, secured and unsecured, of \$3,812,838,593 for 1992 produces a pro rata share of .0001235. Applying that rate to the total assessed valuation from 1998 to 2013 results in a total shortfall for the Library of approximately \$363,365 over the amounts made available for that period. This is contrary to the CEO’s statement to the Board of Supervisors on September 24, 2013 referring to \$653,122 contributed to the Library Fund in excess of the County’s “obligation” (without consideration of the shortfall).

Historically, the General Fund has not paid the County Librarian’s salary as required by law. The County Librarian must be paid, “...out of the same fund as the salaries of each County Officer are paid.” (Education Code §19147 and §19148) Using an approximate salary of \$80,000, excluding benefits, for the period of 1998 to 2013, this amounts to \$1,280,000 which should have come out of the General Fund rather than the Library’s dedicated funds.

Accounting Practices Create Problems

The County’s accounting practices for the Library do not distinguish between dedicated tax revenues, donations, and General Fund monies. All are treated as General Fund expenditures increasing A-87 costs for the Library. The result is the General Fund, through A-87 costs, is reimbursed for expenditures which did not actually come from the General Fund. This is of particular importance for equipment purchases and building improvements, in the past and in the future. Non-general fund expenditures are charged annually at a rate of 2% (building) and 6.67% (equipment).

Under County Free Library law, the Board of Supervisors are enabled to accept gifts and bequests for the library. This law does not provide that those monies then become General Fund. (Education Code §19174)

In 2003, the Friends of the Fort Bragg Library entered into an alliance with the County to remodel the interior of the Fort Bragg Library, the cost to be borne by the Friends. (Appendix F) The Friends spent \$22,150 to hire an architect to design the project. A few years later, the Friends received some major bequests and contributed \$450,000 to the projects. The remodeling was completed in 2007. The County uses the total remodeling cost of \$605,582 to compute A-87 costs, treating donated money as if paid by the General Fund. This results in a charge of 2% of \$472,150 which is \$9,443 annually for 50 years.

On December 10, 2013, the Board of Supervisors approved installation of automated Americans with Disabilities Act compliant doors at the Willits and Fort Bragg Libraries, to be paid out of the Library budget. On February 11, 2014, the Board of Supervisors, on consent calendar, approved a transfer of \$24,300 from the Library budget unit to the County’s Capital Improvement budget unit. This request was made by General Services and approved by the CEO and the Auditor. The cost of the doors, paid for by the Library’s dedicated funds, will now appear as General Fund expenditure. This results in a charge of two percent of \$24,300 which is \$486 annually for 50 years.

The County Free Library, in 2014, purchased automatic check-out machines for three branches. Under the current accounting system, if these machines are added to the Library’s fixed assets,

the acquisition cost will increase the Library Equipment Use A-87 charge, as would future equipment purchases.

The Library has received no General Fund money since fiscal year 2010-2011.

Managing the Library as a County Department is Contrary to Law and Code

The County manages the County Free Library as a county department, not as a special district. Currently it is firmly under the control of the CEO and subject to County departmental policy and procedures. The CEO's approval is required for most actions taken by the Librarian and County Free Library staff.

This is contrary to state law which provides in Education Code §19146: "The county librarian shall, subject to the general rules adopted by the board of supervisors, build up and manage, according to accepted principles of library management, a library for the use of the people of the county, and shall determine what books and other library equipment shall be purchased."

The Grand Jury was informed in many interviews that the CEO decides what expenditures, personnel, and equipment are appropriate. Budgeted travel for a professional conference for the County Librarian could not occur without approval by the CEO.

The CEO controls the agenda for the Board of Supervisors. County Free Library agenda items, when allowed, appear on the agenda under "County Executive Officer and Departmental Matters", not under "Board of Directors Matters" even though the boilerplate language reads "BOS concurrently sitting as Board of Directors of ..." includes the Mendocino County Library District.

The Library is required to route all purchases through General Services. The purchasing process is governed by County Policy No. 1, a complicated structure. The Librarian decided the library needed a color printer to produce promotional materials for library events. This decision was evaluated by General Services which concluded:

1. It would be more cost effective to use the County print shop.
2. A color xerographic printer could not be purchased, but must be leased at twice the cost.

The County Librarian refused to accept the cost of leasing a printer, and decided to accept a donation from a private source. The County eventually granted permission to accept the donation. This entire process took more than a year.

The CEO exercises complete control over information technology (computers, internet access, digital devices, etc.). As of the completion of the Grand Jury's investigation, the Bookmobile still does not have internet access. Computer services and internet access are crucial services a modern library provides to residents. Many government publications are found only on-line; applications for County jobs must be submitted digitally.

The Library's fiscal year 2013-2014 budget request to hire a full time IT library specialist was changed, at the CEO's recommendation, to hiring a full-time County IT technician. In the final budget that position was dropped and a complex agreement with the County's IT department was substituted. (*Service Level Agreement for the Provision of Information Technology Services*, Appendix G)

The *Service Level Agreement (Agreement)* states: “Library shall have the authority to **participate** in planning, installation, operation and future development of systems as they relate to its programs.” (Emphasis added) The *Agreement* also provides, “Library and GSA shall mutually establish work priorities under this agreement.” These provisions of the *Agreement* are contrary to the Education Code provision. (Education Code §19146)

The Board of Supervisors has delegated administrative and management powers over the County Free Library to the CEO which the CEO cannot legitimately exercise. The delegation of management power regarding the County Free Library to the CEO violates state law provisions, which assign these powers to the County Librarian. The CEO does not meet the statutory qualifications to manage the Library. (Education Code §19142 and §19150)

The Library Administrative Services Manager II served as liaison with General Services Agency and represented the Library on the committee revising County Policy No. 1 which governs purchasing.

After a closed personnel session, at the March 25, 2014 Board of Supervisors meeting, the County Librarian and the Administrative Services Manager II were no longer employed. At the conclusion of the Grand Jury investigation, the central administrative staff of the Library consisted of one Administrative Assistant. The Fort Bragg and Willits Libraries each have a new branch manager.

FINDINGS

- F1. The benefits of Measure A are permitting the County Free Library to survive.
- F2. The A-87 costs charged to the County Free Library are not clearly identified in the budget and the amount charged is questionable.
- F3. The County Free Library is being deprived of its dedicated funds due to improper A-87 charges, thus unjustly enriching the General Fund.
- F4. The Board of Supervisors and the CEO have historically and continuously failed to recognize or treat the County Free Library as a Special District.
- F5. The property tax apportionment due the County Free Library is not clearly identified and the amount provided is questionable. The current method of computing the apportionment leads to the compounding of errors and underfunding.
- F6. The accounting methods and procedures used by the County for the County Free Library do not follow either the intent or requirements of law.
- F7. The authority of the County Librarian has been usurped at the direction of the Board of Supervisors to the extent that the Librarian is impeded from performing many of the professional duties as manager of the County Free Library.
- F8. Contrary to the intent and utility of having an advisory board, the Board of Supervisors and the CEO neither sought nor took the advice of the Library Advisory Board.
- F9. The County has deprived the County Free Library of at least \$1,000,000 for the period 1998 through 2013, contrary to statements made by the CEO to the Board of Supervisors.
- F10. The Board of Supervisors is not following State law regarding County Free Libraries.

F11. The position of permanent County Librarian is currently vacant.

F12. The A-87 equipment costs currently assessed are erroneous.

RECOMMENDATIONS

The Grand Jury recommends that:

- R1. The County Free Library be recognized and treated as a special district in the budget documents, on the county website, in accounting systems and in management. (F3, F4, F5, F6, F10)
- R2. The Board of Supervisors immediately begin to recruit a County Librarian. (F11)
- R3. The County Auditor, CEO, Board of Supervisors, and the new County Librarian together establish the Library's legal pro rata share of property taxes. The legal pro rata amount be reflected in detail in the County budget documents. (F4, F5, F6, F10)
- R4. Separate line items for A-87 costs appear in the Library's budget. (F2, F12)
- R5. The County Treasurer establish an account for the Library in the County Investment Pool. (F6)
- R6. The County Auditor immediately develop an accounting system that differentiates between the General Fund and the Library's dedicated tax revenues. (F6)
- R7. The General Services Agency clearly record the source of the funds for any capital improvements or equipment purchases. (F2, F3, F6)
- R8. The County not charge any A-87 equipment and building use costs for equipment and building improvements paid for by donations or the Library's dedicated funds, now or in the future. (F2, F3, F6, F12)
- R9. The Board of Supervisors issue a letter to all Friends of the Library organizations assuring them that any donations in the future will not result in an increase in the Library's A-87 costs. (F3)
- R10. The records in the books of the Auditor and the General Services Agency pertaining to fixed assets and buildings be changed to reflect, as accurately as possible, the historical reality of which expenditures came from the General Fund and which from donations, grants, and Library dedicated funds. (F2, F3, F6, F9, F12)
- R11. The Auditor use the proper cost figures when developing the County-wide Cost Plan and accompanying narrative. (F2, F3, F6, F12)
- R12. No A-87 charges be levied for purchases or improvements after FY 2010-2011 and any that were levied be reimbursed.(F2, F3, F6, F9, F12)
- R13. After implementation of the new accounting procedures, proper and accurate A-87 service costs be paid but care taken that County decisions do not inflate these charges. (F2, F3, F6, F9, F10)
- R14. The County Librarian position be reinstated as the sole manager of the County Free Library as per state law and recognized as such by the CEO and the Board of Supervisors. (F4, F7, F10, F11)

- R15. The County Librarian not be required to use the County's purchasing department for every transaction per Education Code §19146. (F7, F10)
- R16. The Board of Supervisors schedule semi-annual workshops with the Library Advisory Board, the agenda to be set by the chairs of the two bodies. (F8)
- R17. The Board of Supervisors consult with the Library Advisory Board before making any decisions about the County Free Library, thereby benefiting from the Library Advisory Board's perspectives and knowledge. (F8)
- R18. The Library be allowed to hire an information systems manager as a County Free Library employee. (F7, F8)
- R19. The County Librarian's salary be paid from the General Fund as required by State Law. (F4, F6, F9, F10)

RESPONSES

Pursuant to Penal Code §933.05, responses are required from the following individuals:

- Treasurer, Mendocino County (F6 and R5)
- Auditor, Mendocino County (F2, F3, F4, F5, F6, F8, F9, F10, F12 and R1, R3, R6, R10, R11, R12, R13)
- Director, Mendocino County General Services Agency (F2, F3, F6, F7, F9, F10 and R7, R10, R15)
- Chief Executive Officer, Mendocino County (All findings and All recommendations)

Pursuant to Penal Code §933.05, responses are required from the following governing bodies:

- Board of Supervisors, Mendocino County (All findings and All recommendations)

Note: The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Pursuant to Penal Code §933.05, responses are requested from the following entity:

- Library Advisory Board, Mendocino County (All findings and All recommendations)

BIBLIOGRAPHY

Handbook of Cost Plan Procedures for California Counties <www.sco.ca.gov/files-ARD/manual_costplanhandbook.pdf>

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code §929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

APPENDICES

- Appendix A.** Measure A. Section 5.170.030, Restricted Use of the Tax
- Appendix B.** September 9, 2013, Memorandum to the Board of Supervisors
- Appendix C.** November 4, 2013, Letter to Chair, Library Advisory Board from Chair, Board of Supervisors
- Appendix D.** Selected Provisions of County Free Library Law
- Appendix E.** November 10, 1992, Memorandum to Board of Supervisors
- Appendix F.** February 4, 2003, Memorandum of Understanding; BOS Agreement, No. 03-019
- Appendix G.** Service Level Agreement for the Provision of Information Technology Services

**Appendix A. Core Section of Measure A
Now Chapter 5.170 of the Mendocino County Code**

Section 5.170.030 Restricted Use of the Tax

A. Proceeds from this tax shall be deposited into the County Treasury in a special fund entitled “Library Special Tax Fund” (hereinafter the “fund”).

B. Monies deposited into the fund, together with any interest that accrues thereon, shall be used exclusively for preserving the existing libraries; reversing the deterioration in services at the existing libraries, upgrading of facilities, services, and collections; and extending branch library services to the unserved and underserved areas of the County. The specific projects for which the revenues from the transactions and use tax may be expended are as follows:

1. Maintaining local libraries;
2. Restoring Open Hours at existing branches throughout the County to the level of 2006-07;
3. Expanding library programs for children and young adults;
4. Expanding outreach programs for individuals who cannot easily come to a library;
5. Acquiring and replacing library equipment and library materials.

C. The revenues collected from this tax shall be used only to supplement existing expenditures for public libraries and shall not be used to supplant existing funding for the support of public libraries.

Appendix B.

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Mendocino County Library District

Mindy Kittay
County Librarian

MEMORANDUM

September 9, 2013

To: Mendocino County Board of Supervisors

From: Mindy Kittay

Re: Request to Waive A87 costs Schedule 1 Building Use (\$41,070) and Schedule 2 Equipment Use (\$10,542) and refund the 2012/2013 A87 payment for Schedule 1 and Schedule 2 (\$50,612)

I am happy to report that the Mendocino County Libraries are providing excellent library service at a tremendous value (or ROI) to our community even though 2012 – 2013 has been a very lean year with lots of open hours and projects needing to be completed, but insufficient funds for staffing, technology and collection improvements. It is estimated that our revenue for 2013—2014 will decrease by about 5 percent. Expenditures are estimated to increase by about 9 percent over 2012—2013 (not including the A-87 payment).

2013—2014 will be a year with reduced revenue while our usage is increasing and the expectations and demands of our users are growing. The following items highlight the challenges we face:

- 1) The continued increase to personnel costs for matching to the retirement fund and for benefits is one reason we are strapped for funds. The libraries match for retirement has increased from 20.84 percent during the 2010—2011 budget year to 37.13 percent for the 2013—2014 budget year. Most libraries in the U.S. budget for staffing at 60 - 65% of all expenses. With matching at this level we will not be able to reach that goal nor staff adequately for the hours that we are currently open without significantly cutting back on other expenses such as the collection and technology.
- 2) The \$26,771 which the library is paying as a Child Support repayment (after this payment the balance of the Child Support repayment will be \$314,379).
- 3) Because of the age of the collection it will take at least 5 years of substantial spending to bring our collection to something closer to 70 percent purchased within the last 10 years and 30 percent older than 10 years. While this is still not optimal it would be substantially better than our current holdings.

Ukiah Main Branch
105 North Main Street
Ukiah, California 95482

Administration: (707) 467-2590
Facsimile: (707) 463-5472
Website: www.co.mendocino.ca/library

TOTAL COLLECTION - PUBLICATION AND ADDED DATES 8-13

LIBRARY	DATE OF PUBLICATION					Total *
	2009-2013	2004-2008	1999-2003	1994-1998	<=1993	
UKIAH	6,117	8,265	10,083	7,805	26,684	58,954
FORT BRAGG	5,306	6,661	6,651	5,075	12,460	36,153
WILLITS	2,901	5,292	7,113	5,861	14,519	35,686
COAST	2,792	4,920	4,587	3,619	6,768	22,686
ROUND VALLEY	1,599	2,767	2,702	2,991	5,013	15,072
BOOKMOBILE	874	629	1,265	997	1,179	4,944
TOTAL NUMBER	19,589	28,534	32,401	26,348	66,623	173,495
PERCENTAGE	11.29%	16.45%	18.68%	15.19%	38.40%	100.00%
WITHIN LAST	5 YRS	5-10 YRS	10-15 YRS	15-20 YRS	20 OR MORE	

- 4) Our technology is not only out of date but there is not enough of it. We are also missing major components that would ease the workload of staff and make the library more user friendly. In order to bring us technologically into the 21st century we will also need to increase internet access substantially (where available). This will increase recurring costs as will maintenance expenses and replacement schedules for technology.
- 5) Website: Our on-line or virtual presence is almost non-existent. Not only do we need to create a virtual branch (website) but we also need a staff member or consultant with the skills and experience to keep the site relevant and updated. Website hosting, creation and the purchase of tools such as TumbleBook Library will bring additional expenses, many of which are recurring.
- 6) A-87 costs: These have been estimated at a slight increase annually. The largest portion of the A-87 expense is related to the value of our fixed assets and is not a direct cost such as IT, and maintenance and janitorial costs, which are billed at actual usage. It is my understanding that the new revenues from the sales tax were to allow us to re-open the libraries with additional hours that had been removed when the economy was bad, to increase hiring to cover those hours and to improve the collection and operations of the library. The Library, since the increase to funding from sales tax, has been paying the A-87 costs and they are included in the 2013—2014 budget. Unfortunately, the addition of this expense is reducing our funding and exacerbating the above-mentioned challenges.

On behalf of the Library Advisory Board and the communities in Mendocino County I respectfully request that the Board of Supervisors waive the A-87 schedule 1 and 2 payment for the current budget year and refund the A-87 schedule 1 and 2 payment from last year so that these funds may be used to improve and expand services to the public.

Thank you.

Appendix C.

page 1 of 1

CARMEL J. ANGELO
Chief Executive Officer
Clerk of the Board



COUNTY OF MENDOCINO BOARD OF SUPERVISORS

CONTACT INFORMATION
501 Low Gap Road • Room 1010
Ukiah, California 95482
TELEPHONE: (707) 463-4221
FAX: (707) 463-7237
Email: bos@co.mendocino.ca.us
Web: www.co.mendocino.ca.us/bos

November 4, 2013

Valerie Frey
Chair, Library Advisory Board
501 N. Main St.
Ukiah, CA 95482

RE: Payment of Mendocino County Library A-87 Costs

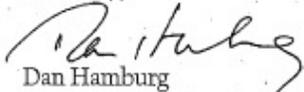
Dear Chair Frey,

I am writing today on behalf of the Mendocino County Board of Supervisors regarding the A-87 costs arising from the Library's Building and Equipment Use charges. As with all other non-General Fund departments, the Library is required to pay its A-87 costs.

We hope the Library recognizes that the County has waived A-87 costs in the past due to the fact that the Library District was unable to pay them. Since 1998, the County has provided the Library with a total of approximately \$653,000 beyond its financial obligations to the Library. The successful passage of Measure A now provides funds to more fully cover Library services to the public as well as its obligation to the County.

Our Board is grateful for the excellent service provided to the public by our County's libraries. We are requesting resolution of this matter in order to continue building upon the recent progress that has been made in providing expanded library services to our citizens.

Sincerely,


Dan Hamburg
Chair, Board of Supervisors

THE BOARD OF SUPERVISORS

CARRE BROWN
First District

JOHN McCOWEN
Second District

JOHN PINCHES
Third District

DAN GJERDE
Fourth District

DAN HAMBURG
Fifth District

Appendix D. Selected Provisions of County Free Library Law

California Education Code, §§19100-19180

page 1 of 2

§ 19140. Appointment of county librarian

Upon the establishment of a county free library, the board of supervisors shall appoint a county librarian.

§ 19142. Qualifications

No person may be appointed to the office of county librarian on or after January 1, 1987, unless he or she possesses both of the following qualifications:

1. Graduation from a graduate library school program accredited by the American Library Association.
2. Demonstrated knowledge of principles and practices of public administration, including county government, and of the laws applicable to library service in this state.

§ 19146. Duties

The county librarian shall, subject to the general rules adopted by the board of supervisors, build up and manage, according to accepted principles of library management, a library for the use of the people of the county, and shall determine what books and other library equipment shall be purchased.

§ 19147. Payment of salary

The salary of the county librarians shall be paid by each of the counties in equal monthly installments, at the same time and in the same manner and out of the same fund as the salaries of other county officers are paid.

§ 19148. Payment of salary in county with more than 400,000 population

The board of supervisors of a county over 400,000 population, as determined by the 1960 decennial census, maintaining a county free library may provide that the salary of the county librarian be paid from the same fund used for maintaining and operating the county free library.

Nothing in this section shall be construed as modifying the status of the county librarian as a county official pursuant to Section 24000 of the Government Code.

§ 19150. Qualifications for acting librarian

Except when the county librarian is temporarily absent, no person shall serve in the position of county librarian under the title of acting county librarian, or assistant librarian in charge, or any other such title, unless the person meets the qualifications set forth in Section 19142.

In the event qualified candidates for the position of the county librarian cannot be found, the county supervisors shall secure a written permission from the State Librarian to appoint an unqualified person to the position. This written permission may be granted by the State Librarian for a period of time up to but not exceeding one year. The State Librarian may from time to time in his or her discretion renew the permit.

§ 19160. Powers and duties of board of supervisors

The county free library is under the general supervision of the board of supervisors, which may:

3. Make general rules and regulations regarding the policy of the county free library.
4. Establish, upon the recommendation of the county librarian, branches and stations throughout the county and may locate the branches and stations in cities wherever deemed advisable.
5. Determine the number and kind of employees of the library.

§ 19167. Supervision by State Librarian

The county free libraries are under the general supervision of the State Librarian, who shall from time to time, either personally or by one of his or her assistants, visit the county free libraries and inquire into their condition. The actual and necessary expenses of the visits shall be paid out of the moneys appropriated for the support of the California State Library.

§ 19174. Receipt of gifts, bequests or devises

The board of supervisors may receive, on behalf of the county, any gift, bequest, or devise for the county free library, or for any branch or subdivision of the library.

§ 19174.5. Funds used to support county free library

Notwithstanding any other provision of the law, funds from the county general fund may be used to support the county free library.

§ 19175. Title to property; Applicable laws for collection of tax; Moneys in custody of county treasurer.

The title to all property belonging to the county free library is vested in the county. All laws applicable to the collection of county taxes shall apply to the collection of the taxes provided in Section 19170 [*repealed*]. All moneys of the county free library, whether derived from taxation or otherwise, shall be in the custody of the county treasury.

§ 19180. Financing of buildings for county free library purposes.

The board of supervisors of any county in which there has been established a county free library which does not serve the entire county may, on behalf of the county free library, construct, build, repair or refurnish buildings to be used for county free library purposes, payment for which may be made from the general fund of the county. If payment is made from the county's general fund, the county auditor shall each fiscal year thereafter transfer from the county free library fund to the county's general fund as a prior claim against the county free library fund for as many years as are determined by the board of supervisor but not to exceed 20, an equal annual installment in such amount that over the designated period of years the entire payment from the county's general fund will be completely repaid. Payment of the costs of the construction of a county free library building may also be made from the employees retirement fund of a retirement system established under the authority of the County Employees Retirement Law of 1937 as an investment of that fund and under the conditions specified in that law.

Appendix E

page 1 of 3

MENDOCINO COUNTY

MEMORANDUM

TO: Members of the Board of Supervisors November 10, 1992

FROM: *WKS* Michael K. Scannell, County Administrative Officer

SUBJECT: Litigation Relative to the Level of Funding Made Available to the Mendocino County Library System

Background

Over the last number of years, the level of discretionary funding which has been made available to the Mendocino County Library system has been reduced. The condition existed, and still exists, because of the harsh economic conditions which seem to plague our County.

In the spring of this year, the Friends of the Library approached the Board with a request that the issue of financing the Library be brought before the electorate. The specific request was that a ballot measure be placed before the electorate in June which called for the imposition of a parcel tax on certain types of parcels within Mendocino County.

The Board accepted the request of the Friends of the Library and placed the issue on the June ballot for consideration by the electorate. In a follow-up action, one which was apparently designed to demonstrate that the County was indeed in dire straights, the Board indicated that the funding from the County's general fund for Library operations would be limited to a level which insured the operations of the Library through September 30, 1992.

That action had the effect of putting the citizenry on notice that should the June Library funding ballot measure fail, Library operations in Mendocino County would, for all practical purposes, cease to exist.

We now know that the ballot measure failed and that funding for the Library in the Proposed Budget was limited to an amount which would carry the Library's operations through September 30, 1992.

Once it became clear that the future of the County Library system past October 1st was questionable, the Friends of the Library mounted a concerted legal effort to document legally that the Library was a Special District by operation of law and that as such, it (the Library) was entitled to a quantifiable piece of the property taxes collected in the County, just like all other

Special Districts. Legal arguments ensued and the Director, as well as legislative staff, took positions in advocacy for the contention of the Friends of the Library that the Library was indeed a Special District.

The passage of Assembly Bill 3027 in October of this year essentially put the issue of establishing the Library's organizational identity to rest. The Library was, and remains a Special District. As such, we are compelled by law to provide a level of funding to the Library which equals, at a minimum, its pro rata share of the property tax dollar.

Funding Requirement

The Auditor-Controller and I have reviewed the tax rate which has been established for the Library and together, we have concluded that in order to meet the letter of the law, we must make available to the Library system no less than \$471,000 during the current fiscal year. This amount can legally be reduced by charging out to the Library those indirect costs which the County incurs in providing administrative support services to the Library. These expenses, A-87 costs, are estimated to be \$80,700 in the current fiscal year. The net required funding then which we must make available to the Library is \$390,300.

During the Final Budget process, the Board appropriated \$225,000 to the Library. This falls short of the amount required by law by some \$165,300. If we are to meet the letter of the law and thus avoid protracted litigation, which I am told we are certain to lose, the funding for the Library must be increased by some \$165,300.

The Issue Before Us

The issue before us is to identify a source of funding which can be used in meeting the requirement outlined above.

Over the last number of months, I have been working with the State Board of Corrections on the goal of freeing up, for general fund purposes, some two hundred fifty thousand dollars in funding which has been made available to Mendocino County to fund jail construction projects. The funding which I had requested was considered by me to be our overmatch on previously funded jail construction projects.

The State Board of Corrections has agreed with my contention that the funds I requested are discretionary funds and thus are not restricted to capital projects. The net effect of this is that the County of Mendocino will receive two hundred fifty thousand dollars in unanticipated revenue from the State Board of Corrections prior to the close of the fiscal year. A formal notification of this action has been sent to me by the Board of Corrections. A copy of same is attached for your review.

Recommendation:

1. Direct that the Auditor-Controller increase the appropriation for the Library by \$165,300.
2. Appropriate the funding which we receive from the State Board of Corrections in the contingency fund and take the follow-up action of diverting the amount described in #1 above to the Library.

Taking the actions outlined above will bring us into compliance with the law as it relates to funding our Library system.

I will be happy to respond to any questions or concerns you may have relative to this issue.

Thank you.

MKS:tb

cc: Dennis Huey, Auditor-Controller
H. Peter Klein, County Counsel
Henry Bates, Library Director

Appendix F

page 1 of 2

BOS Agreement No. 03-019

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding entered into on the 4th day of Feb., 2003, by and between the County of Mendocino (hereinafter referred to as "the County") and the Friends of the Fort Bragg Library (hereinafter referred to as "the Friends"):

WHEREAS, the Friends have long supported their local library, located at 499 East Laurel Street, Fort Bragg, by volunteer labor and donations; and

WHEREAS, the Fort Bragg Branch Library requires interior remodeling; and

WHEREAS, the Friends desire to pay for the cost of the remodeling of the Fort Bragg Branch Library; and

WHEREAS, such support of the Library remodeling project would serve as a positive model of private and public cooperation;

THEREFORE, the County and the Friends agree as follows:

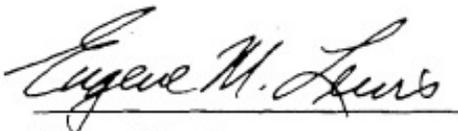
1. The Friends shall deposit the sum of one hundred fifty thousand dollars (\$150,000.00) to an account to be maintained by the County Auditor-Controller and managed by the County General Services Director, in consultation with the County Library Director.
2. Funds deposited by the Friends shall be exclusively used for the Fort Bragg Branch Library Interior Remodeling Project ("the Project").
3. The total cost of the Project is estimated to be one hundred fifty thousand dollars (\$150,000.00). The entire cost of the Project shall be paid from monies deposited to the Project fund by the Friends.
4. The Project shall be supervised by the County General Services Department, in consultation with the County Library Director and the Friends.
5. The Project shall be subject to the requirements of the State of California Public Contracts Code.
6. The County shall endeavor to complete the Project no later than December 31, 2004.
7. Initially, the Friends shall deposit sufficient funds for architectural services through the bidding phase of the Project. The architect shall be paid for its services through the bidding phase. The remaining Project cost, including the balance of the architect's fees, and a seven percent (7%) contingency sufficient to pay the contract cost based on the lowest responsive and responsible bid, shall be deposited prior to the County entering into a construction contract.

- 8. In the event that the lowest responsive and responsible bid received for the Project exceeds the monies available in the Project fund, the Project will be held in abeyance until sufficient funds have been deposited to complete the Project. If sufficient funds are not available, the Project will be canceled by mutual agreement and remaining funds shall be returned to the Friends.
- 9. In the event that the funds deposited to the County by the Friends exceed the total Project cost, the balance of the funds shall be returned to the Friends.

IN WITNESS WHEREOF, the parties hereto have executed these presents in duplicate original the day and year first above written.

FRIENDS OF THE FORT BRAGG LIBRARY

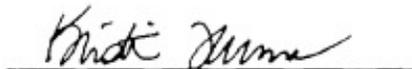
COUNTY OF MENDOCINO,




Chairman, Board of Supervisors

Eugene M. Lewis
President, Friends of the Fort Bragg Library

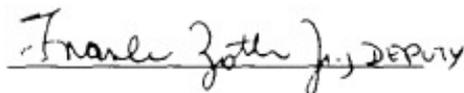
ATTEST:
Kristi Furman, Clerk of the Board



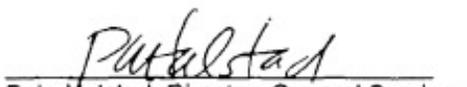
RECOMMENDED BY:

APPROVED AS TO FORM:
H. Peter Klein, County Counsel


Erika DeMille, Director, Library

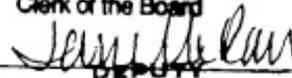

DEPUTY

RECOMMENDED BY:


Pete Malstad, Director, General Services

I hereby certify that according to the provisions of Government Code Section 25103, delivery of this document has been made.

KRISTI FURMAN
Clerk of the Board

By: 
DEPUTY

Appendix G.

Page 1 of 4

GSA# 13-23

SERVICE LEVEL AGREEMENT
For the
PROVISION OF INFORMATION TECHNOLOGY SERVICES
Between
Mendocino County Library
And
Mendocino County General Services Agency, Information Services Division

This Service Level Agreement (hereinafter Agreement) is made and entered into by and between the Mendocino County Library, which is defined as the following branches: Ukiah, Willits, Fort Bragg, Point Arena, and Covelo, (hereinafter "Library") and the Mendocino County General Services Agency, Information Services Division (hereinafter "GSA") to describe a service delivery and compensation agreement for the provision of information technology services.

WITNESSETH:

WHEREAS:

- Mendocino County Library (Library) and Mendocino County General Services Agency, Information Services Division are departments overseen by the Chief Executive Officer and the Mendocino County Board of Supervisors; and
- Mendocino County Information Services Division has the responsibility and authority under the Mendocino County Policy #22 (Information Technology Policy) for the provision and coordination of information technology in Mendocino County;

NOW THEREFORE, the parties hereto mutually agree as follows:

1. TERM

This Agreement shall be in effect from July 1, 2013 through and including June 30, 2014, upon completion of the authorizing signatures. Either party may terminate the Agreement by providing a written notice at least 30 days prior to the desired termination date.

2. TYPE OF AGREEMENT

This Agreement provides for partial information technology support for specified operational and systems maintenance activities.

3. FUNCTIONAL RESPONSIBILITIES OF EACH PARTY

a. GSA shall:

- i. Provide up to a .5 FTE of an Information Services Technician (IS Tech), whose duties of maintenance and operations of Library systems including, but not be limited to:

1. Public Access Computers Software/Hardware:

- a. EnvisionWare/PCReservation
- b. Clean Slate

- c. Time Limit Manager (TLM)
 - d. Install/Maintain any software identified by Library to run on the public access computers.
 - e. Install patches, provide maintenance and day-to-day problem solving for the public access computers.
 - f. Provide help-desk services for all Library information technology systems and equipment as it relates to the desktop.
 - g. Respond in a timely manner to staff needs regarding desktop applications and support.
2. Record service activities in the Track-It system on a daily basis.
 3. Continuously time study Library and non-Library activities for billing purposes.
- ii. Provide the IS Tech with direct and technical supervision.
 - iii. Produce monthly Track-It reports to measure number of service requests made by Library staff, their nature and the resulting response. These reports shall be presented at the monthly Library-GSA Operations meetings.
 - iv. Provide all other Information Services (IS) services normally and customarily provided to County departments by GSA on a continuing basis unaltered by this Agreement.
 - v. Make available on a fee-for-service basis, as requested, information technology services, including, but not limited to:
 1. Web development and mastering
 2. Software application design, installation, and support
 3. Computer and software training
 4. Database design, installation and support
 5. Video conferencing services
 6. E-government services
 7. GIS services
 8. Providing assistance to Library IS Tech if needed
 9. Provide back up IS Tech Services if position becomes vacant or the IS Tech is out for any leave
 - vi. IS Tech position's main office will be located at 501 Low Gap Road, Room #1440, Ukiah, so as to promote learning and training opportunities.
- b. Library shall:
- i. Provide coordination of Library staff with GSA staff.
 - ii. Provide payment for services received under this Agreement.

4. COSTS

- a. Services generally provided to all County departments by GSA, such as payroll, finance, and purchasing systems, shall be reimbursed as determined by the County Auditor in accordance with the County Cost Allocation Plan (A-87) or billed directly to Departments.

- b. Specific direct services provided to Library by GSA outside this Agreement shall be reimbursed at the same rate as charged to other County departments, or, if no such rate exists, at the hourly rate of those GSA staff providing such service. The hourly rate of GSA staff shall be calculated based on the salary and benefits of said staff plus the Indirect Cost Rate as calculated in the County Auditor.
- c. Reimbursement for the IS Tech services shall be based on the IS Tech's salary and benefit costs for the proportion of the IS Tech's time dedicated to Library as determined by the continuous time study.
- d. Reimbursement for the IS Tech's Supervisor's time shall be calculated per Section 4b above as determined by a continuous time study.
- e. A schedule of charges shall be identified for specific routine services.
- f. GSA certifies that Library is charged at the same rate as other GSA customers.
- g. Monthly invoices will be submitted to the Library for review and GSA will process payment via a journal entry transfer.

5. PROCUREMENT

- a. Procurement of equipment and services primarily to support State and Federally funded programs shall meet State and Federal requirements.
- b. Employment of competitive procurement procedures as specified in 45 CFR, Part 74, Subpart P, and 7 CFR 277.14.
- c. Library shall process necessary purchase requisitions for information technology purchases unless Library requests GSA to process the request.
- d. GSA shall oversee the procurement of information technology equipment and services for Library in accordance with County Policies No. 1 and 22.

6. GENERAL PROVISIONS:

- a. This Agreement may only be amended by written mutual consent of both parties.
- b. It is understood that the parties shall be subject to examination and audit of any records associated with the provision of services for three (3) years from the end date of this Agreement. The examination and audit shall be confined to those matters connected with the performance of this Agreement.
- c. This Agreement is not in effect nor enforceable until signed by both parties.

7. MANAGEMENT STRUCTURE

- a. Library shall have the authority to participate in planning, installation, operation and future development of systems as they relate to its programs.
- b. Each party to this Agreement commits to monthly Library-GSA Operations Meetings that shall include, but not be limited to:
 - i. IS Tech
 - ii. IS Tech Supervisor and/or IS Network Manager
 - iii. Designated Library Staff
- c. Contact for problem resolution under this Agreement shall be between the Director of the Library and the General Services Agency Director.
- d. Library and GSA shall mutually establish work priorities under this Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF MENDOCINO

DEPARTMENT NAME:
General Services Agency
Information Services Division

By: Kristin McMenomey
DEPARTMENT HEAD

Library

By: Mindy Kittay
Signature

Title: Mindy Kittay, Director

INSURANCE REQUIREMENTS:

Kristin McMenomey, Director
General Services Agency

By: Kristin McMenomey
RISK MANAGER

NAME AND ADDRESS OF CONTRACTOR:

APPROVED AS TO FORM:

THOMAS R. PARKER, County Counsel

By: Thomas R. Parker

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement