



TO: Mayor and Councilmembers

FROM: Kathleen Salguero Trepá

SUBJECT: Library Ballot Measure Update

RECOMMENDATION:

- A. Receive an update on the proposed concurrent library ballot measure with the County of Santa Barbara; and
- B. Defer the ballot measure to a future election year to allow staff adequate time to evaluate a library parcel tax structure.

BACKGROUND:

For several years, the City of Goleta has undertaken a variety of studies to evaluate the significant imbalance between revenues and expenditures for the Goleta Library, which has been operating with a deficit for some time, as are many libraries throughout the County. Reserves are quickly depleting and are likely to be fully expended by FY 17/18 without a significant increase in revenue or a reduction in expenditures or a combination of both. At its July 21, 2015 meeting, the City Council, upon receiving a financial evaluation of Library operations, directed staff to explore options with the County of Santa Barbara to initiate concurrent special tax measures for the November 2016 ballot.

Initially the concept was for the ballot measures to be substantially similar for a new parcel tax and put before the voters within the taxation boundary of the existing Measure L, a special tax approved by the voters in 1990 in County Service Area 3 (CSA 3) to fund library operations. Upon incorporation, the City of Goleta detached from CSA 3, but the Measure L tax continued for both City properties and County ones within the original CSA 3.

Since last summer City staff have met with County staff and the County Library Advisory Committee to discuss concurrent ballot measures. On November 17, 2015, the City Council directed staff to forward a letter, signed by the Mayor, to the Board of Supervisors officially requesting Board support for a concurrent ballot measure with the City of Goleta. After several meetings of the Library Advisory Committee, on April 5, 2016, the Board of Supervisors voted 5-0 to support a concurrent measure with the City of Goleta for CSA 3. On April 19, 2016, the Goleta City Council directed staff to proceed with the preparation of a special tax measure.

DISCUSSION:

In 1990, residents in the Goleta Valley CSA 3 approved Measure L, a special parcel tax to help fund Library facilities and services. The tax structure is graduated based on land use type; therefore, different rates are applied to residential densities, commercial and industrial, and so on. The rate is adjusted each year based on the Consumer Price Index of the Los Angeles-Anaheim-Riverside area. Last year's adjustment was 1.3%.

The current Measure L tax rate by land use category is listed below; the estimated revenue for FY 2015/16 is \$430,000 for both City and CSA 3 parcels.

Land Use	FY 15/16 Rate
Residential	
Single Family	\$22.28
Condominium	\$22.28
Duplex/Triplex	\$44.49
Apartments	\$133.53
Commercial	
Heavy	\$100.10
Light	\$100.10
Industrial	\$100.10
Churches/Misc.	\$44.49
Farm/Vacant	\$11.11
Exempt	-

In recent years as staff and the City Council have discussed a potential special tax, the City's intention has been to replicate the graduated tax structure of Measure L. The parcel tax would be new and not replace the existing Measure L tax. However, City staff recently learned from County staff that the State statutes related to County Services Areas changed in 2009, and now require that special parcel taxes meet a uniformity requirement. Any special tax rate must be uniformly applied to all property within the service area. In other words, a graduated tax structure based on land use category is not possible for CSA 3. The City's ability to impose a parcel tax for library services is not limited in the same way that a County Service Area is, and therefore the City could proceed with a new graduated special parcel tax as originally envisioned.

County and City staff discussed the possibility of utilizing two different tax structures specific to each jurisdiction, and do not recommend doing so. The intent, as authorized by both the Board and the Council, has been to proceed with reciprocal measures that are substantially similar to ensure that parcels in each jurisdiction are taxed equitably and for ease of public information regarding the proposed ballot measures.

County Counsel has advised County staff that the only parcel tax structure available in the County Service Area is a flat tax per parcel, with the exception for vacant parcels. The County Library Advisory Committee also recommended a flat tax in the range of \$18 to \$24 per parcel for simplicity and public information purposes.

The table below includes parcel information from the County Assessor's Office by land use type with a per parcel tax rate of \$18 and \$24.

Land Use Type	Number of Parcels			Proposed Parcel Tax Range	
	CSA 3	City	Total	\$ 18	\$ 24
Vacant Farm Land	143	208	351	\$ 6,318	\$ 8,424
Residential - Single Family/Condos	7,265	7,695	14,960	\$ 269,280	\$ 359,040
Residential - Duplex/ Triplex Units	127	175	302	\$ 5,436	\$ 7,248
Apartments	21	96	117	\$ 2,106	\$ 2,808
Commerical Industrial	93	571	664	\$ 11,952	\$ 15,936
Church/Misc/Other	37	24	61	\$ 1,098	\$ 1,464
Total	7,686	8,769	16,455	\$ 296,190	\$ 394,920

As reported in the April 19, 2016, Council report, the draft FY 16-17 operating budget for the Goleta Valley Library (Attachment 1) includes an operating deficit of \$246,000, not including adjustments for a \$50,000 increase in the City's contribution and \$100,000 in labor savings by not replacing the vacant Children's Librarian position. When those adjustments are factored in, the projected operating deficit is approximately \$96,000.

However, as staff noted in the April 19, 2016, report, the proposed budget submitted by the City of Santa Barbara is already extremely lean due to previous cuts that were imposed during the recession when library hours were cut from 63 hours per week to 55, and other line items, particularly the collections and supply budgets, were significantly reduced. The intent of the proposed ballot measures is to not only close the current budget shortfall but to restore the library to previous service levels and provide more sustainable funding into the future.

The City of Santa Barbara operates the Goleta Valley Library on behalf of the County of the Santa Barbara and the City of Goleta. To restore operating hours to pre-recession levels, the Library Director estimates that the addition of a new full-time Library Technician would be needed at an estimated annual cost of \$72,000, including salary and benefits.

Draft FY 16-17 Budget with Adjustments					
Revenues			Expenditures		
Draft Budget	\$	1,258,802	Draft Budget	\$	1,504,768
Additional City DIF	\$	50,000	New Technician	\$	72,100
Total	\$	1,308,802		\$	1,576,868
Operating Deficit	\$	(268,066)			

The table above represents the current draft FY 16-17 Goleta Library budget, which already includes a \$10,000 City contribution on the revenue side and the Children's Librarian position on the expenditure side. The additional \$50,000 in City support, already approved by Council, and a new Librarian Technician to return operating hours to pre-recession levels have been identified on the table. With no other changes to the already lean budget, the operating deficit would be approximately \$268,000. However, the Library Director indicates that collections activity and programming attendance at the Goleta Library are comparable to activity at the Santa Barbara Main Library. Furthermore, the Ruth Metz report presented to Council on July 21, 2015, indicates that technology and facility replacement and investments have been deferred due to limited funds. It is clear that the Library finances need a significant rebalancing through either increases in revenue, decreases in expenditures, or more likely a combination of both.

A flat tax ranging from \$18 to \$24 per parcel would provide a significant increase in Library revenues to fund operating deficits for the immediate future, including funds for the Children's Librarian and a new Library Technician to expand operating hours. However, without further analysis staff cannot assert that a parcel tax in this range would provide adequate funding to sustain library operations into the future to address existing budget constraints related to collections, programming, technology, and facility investments.

Staff has met on several occasions since July 2015 with the Library Ad Hoc Committee, which is comprised of Councilmembers Bennett and Perotte, to discuss the potential ballot measure. The Committee met most recently on May 17, 2016, following the regularly scheduled Council meeting to discuss the uniformity requirement recently confirmed by the City Attorney and staff's concerns about insufficient time to evaluate alternative tax structures.

Since that time staff has consulted further with County staff regarding this issue. While both teams agreed that proceeding with different tax structures was not desirable and would be difficult to communicate to the public, County staff has indicated that they are only able to recommend a flat, per parcel tax structure to the Board. Given insufficient time to fully evaluate a new tax structure, staff recommends that the Council consider deferring the proposed ballot measure to a future election cycle. Staff would continue to explore all library funding options.

However, if the Council directs staff to proceed with a ballot measure in 2016, Council should confirm a tax amount and authorize the City Manager to conduct polling in both CSA 3 and the City related to the ballot measure. Polling would be completed following the June 21st meeting and would be used to identify areas where objective public information is needed related to Library finances. Staff would endeavor to bring draft ballot language to the City Council at its June 21, 2016, meeting for formal action to place a Library parcel tax on the November 2016 ballot.

FISCAL IMPACTS:

If Council elects to move forward with a ballot measure, \$19,200 in General Fund monies have been set aside in the City Clerk's FY 2016/17 budget to fund election costs. The FY 16-17 Operating Budget for the City Manager's Office includes \$30,000 for polling and public outreach for the ballot measure.

If the Council chooses to not move forward with a parcel tax measure at this time, there would be a savings of \$49,200, which could either be returned to fund balance, or directed toward the Library's operations budget.

ALTERNATIVES:

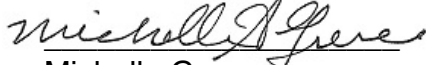
Council could direct staff to proceed with a flat tax per parcel and confirm the tax rate, authorize the City Manager to conduct polling in CSA 3 and the City, and direct staff to return on June 21, 2016, with an item to place the parcel tax on the November 2016 ballot. As stated above, given the lack of sufficient time to fully analyze this option, staff cannot be certain that this approach would provide adequate funds to address the Goleta Library's financial needs.

Legal Review By:



Tim W. Giles
City Attorney

Approved By:



Michelle Greene
City Manager

ATTACHMENTS:

1. FY 16-17 Draft Goleta Library Budget

ATTACHMENT 1

FY 16-17 Draft Goleta Library Budget

GOLETA LIBRARY at \$7.80 per capita

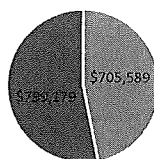
SERVICE POP.: 90,435 Sq. Ft. 15,437 CARD HOLDERS 26,818

	FY2012-13	FY2013-14	FY2014-15
CIRCULATION	617,196	606,717	596,980
COMPUTER SESSIONS	70,767	64,009	60,703
WIFI SESSIONS	38,165	37,295	36,750
PROGRAMS & SCHOOL VISITS	317	322	490
PROGRAM ATTENDANCE	11,818	11,567	11,915
HOURS OPEN PER WEEK	55.0	55.0	55.0
DAYS OPEN PER WEEK	7	7	7

REVENUES	FY14-15	FY15-16	FY16-17
COUNTY PER CAPITA	601,562	688,923	705,589
FINES & FEES	71,000	45,250	43,000
COPY FEES	5,500	3,000	3,000
AB 1600 DEVELOPER FEES	10,000	10,000	10,000
LIBRARY CSA3 - GOLETA	416,438	430,713	430,713
MEETING ROOM RENTS	15,000	15,000	15,000
INTEREST	2,800	1,100	1,100
DONATIONS	3,000	2,400	2,400
FRIENDS	48,000	89,000	48,000
TOTAL REVENUES	1,173,300	1,285,386	1,258,802

EXPENDITURES	FY14-15	FY15-16	FY16-17
SALARIES & BENEFITS	657,970	711,826	741,024
SUPPLIES AND SERVICES	97,553	127,041	96,822
BLACK GOLD FEE	117,041	137,200	179,000
ALLOCATED COSTS	180,184	202,650	214,197
ADMINISTRATIVE FEE	104,501	115,163	123,725
BOOK ACQUISITIONS	108,803	150,000	150,000
TOTAL EXPENDITURES	1,266,052	1,443,880	1,504,768
OVER/UNDER	(92,752)	(158,494)	(245,966)
TOTAL TRUSTS/RESERVES	547,795.00	389,301.00	143,335.00

County Funding Level
Goleta



■ County Per Capita ■ Other Funding