



**County of Santa Cruz Board of Supervisors
Agenda Item Submittal**

From: County Administrative Office
(831) 454-2100

Meeting Date: February 27, 2018

Recommended Action(s):

Defer budget adjustments for the County Library Fund to coincide with the realignment of appropriations in May 2018.

Executive Summary

On December 12, 2017, the Board received a report on the allocation of excess revenue in the County Library Fund and approved establishing a 30% reserve and allocating the net amount based on 50% tax generated and 50% population in the City of Capitola, City of Scotts Valley and County of Santa Cruz. Staff was directed to prepare a cash flow analysis and return with budget adjustments on today's agenda. Additional time is needed to finalize these actions in coordination with the jurisdictions.

Background

The County Library Fund provides funding for the County's costs of financing library services in the unincorporated area of the County and the cities of Capitola and Scotts Valley. The County Library Fund receives revenues from property taxes and uses these funds to make the County's Maintenance of Effort (MOE) contributions to the Santa Cruz County Library Financing Authority (LFA), a Joint Powers Authority (JPA) of the County of Santa Cruz and the cities of Santa Cruz, Watsonville, Scotts Valley and Capitola.

In 2015, the County and cities amended the JPA agreement establishing new MOE contributions beginning in FY 2016-17. The County's MOE contribution from the County Library Fund to the LFA is fixed at \$5,072,541 annually through FY 2020-21. The County Board of Supervisors is responsible for allocating any excess property taxes in the County Library Fund for exclusive use on library improvements or services at County Library Fund branches.

During the five-year term of the agreement, the County Library Fund is anticipated to receive an estimated \$4.5 million in excess revenue. Staff is in the process of preparing a cash flow analysis to allocate these funds to the County and cities of Capitola and Scotts Valley and requires additional time to return with the related budget adjustments to distribute funds available in FY 2017-18.

Financial Impact

None.

Submitted by:

Carlos J. Palacios, County Administrative Officer

Recommended by:

Carlos J. Palacios, County Administrative Officer