



NORTH COUNTY LIBRARY AUTHORITY SPECIAL MEETING AGENDA

5:00 PM - Monday, January 30, 2023

In person, Los Altos Library; Orchard Room

Please Note: This meeting will be in-person only at the Los Altos Library at 13 S San Antonio Rd, Los Altos, CA 94022.

TO PARTICIPATE IN-PERSON: Members of the public may participate in person by being present at the Los Altos Library at the Orchard Room located at 13 S San Antonio Rd, Los Altos, CA 94022.

TO SUBMIT WRITTEN COMMENTS: Prior to the meeting, comments on matters listed on the agenda may be emailed to arodriguez@losaltosca.gov. Emails sent to this email address are sent to/received immediately by the Authority. Please include a subject line in the following format:

PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

Correspondence submitted in hard copy/paper must be received by 2:00 PM on the day of the meeting to ensure distribution prior to the meeting. Correspondence received prior to the meeting will be included in the public record. Please follow this link for more information on submitting written comments: <https://www.losaltosca.gov/cityclerk/page/public-comments>.

Public testimony will be taken at the direction of the President, and members of the public may only comment during times allotted for public comments.

CALL MEETING TO ORDER

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Members of the audience may bring to the Authority's attention any item that is not on the agenda. Please complete a "Request to Speak" form and submit it to the Staff Liaison. Speakers are generally given two or three minutes, at the discretion of the President. Please be advised that, by law, the Authority is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as "the Brown Act") items must first be noticed on the agenda before any discussion or action.

ITEMS FOR CONSIDERATION/ACTION

- 1. Election of Officers:** President, Vice-President, Secretary

2. **Approve Minutes:**
 - November 7, 2022
 - December 16, 2022
3. **Presentation and adoption:** NCLA FY2020-21 Annual Audit (Maze and Associates)
4. **Discuss and authorize First Amendment to NBS contract:** Add the Senior Exemption requests processing
5. **Review for approval and signature all open NCLA invoices for payment:** NBS, Meyers Nave
6. **Ad Hoc Committee report on excess parcel tax options:** Consider for approval motion for parcel tax use.
7. **Review MRG services proposal:** Financial and administrative support

INFORMATIONAL ITEMS

8. Los Altos Librarian update; SCCLD Staff update (including status of FY23 NCLA budget request)
9. Report from the County Investment Fund as of 12/31/2022

MEMBER/STAFF REPORTS AND COMMENTS AND POTENTIAL FUTURE AGENDA ITEMS

10. Establish future NCLA meeting dates

ADJOURNMENT

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act and California Law, it is the policy of the City of Los Altos to offer its programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation, please contact department staff. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility. The City ADA Coordinator can be reached at (650) 947-2607 or by email: ada@losaltosca.gov.

Agendas, Staff Reports and some associated documents for the North County Library Authority items may be viewed on the Internet at <https://www.losaltosca.gov/nclibraryauthority>.

If you wish to provide written materials, please provide the Staff Liaison with **10 copies** of any document that you would like to submit to the Authority in order for it to become part of the public record. For other questions regarding the meeting proceedings, please contact the City Clerk at (650) 947-2720.



NORTH COUNTY LIBRARY AUTHORITY
MINUTES
5:00 PM – Monday, November 7, 2022
via Videoconference



CALL MEETING TO ORDER

At 5:01 President Hill called the meeting to order.

ESTABLISH QUORUM

PRESENT: President Hill, Vice President Schmidt, Commissioner Meadows, Commissioner Fligor (joined at 5:04 pm)

ABSENT: Secretary Epstein

PLEDGE OF ALLEGIANCE

Staff liaison Rodriguez lead the pledge of allegiance.

PUBLIC COMMENTS

There were none.

CONSENT CALENDAR

1. **Minutes:** Approve Minutes of the NCLA Special Meeting of October 3, 2022

A motion by Vice President Schmidt, seconded by Commissioner Meadows, to approve the October 3, 2022, Minutes as amended was passed with the following roll call vote:

AYES: President Hill, Vice President Schmidt, Commissioner Meadows, Commissioner Fligor

NOES: None

ABSENT: Secretary Epstein

ABSTAIN: None

2. **Declaration of Local Health Emergency – Necessitating Hosting Virtual Commission Meeting;** Adoption of Resolution 2023-06

A motion by Vice President **Schmidt**, seconded by Commissioner Meadows, to approve the October 3 Minutes was passed with the following roll call vote:

AYES: President Hill, Vice President Schmidt, Commissioner Meadows, Commissioner Fligor

NOES: None

ABSENT: Secretary Epstein

ABSTAIN: None

3. **Hire NCLA Administrator:** Authorize the City Managers of the City of Los Altos and the Town of Los Altos Hills to identify and present an administrator for NCLA

President Hill introduced the item to the Authority and shared the expected duties of this administrator.

The Authority asked clarifying questions.

The following members of the public: Pierre Bedard.

The Authority engaged in discussion.

Peter Pirnejad, City Manager of Los Altos Hills spoke in favor of the having President Hill as part of the selection process.

A motion by Vice President Schmidt, seconded by Commissioner Fligor, to hire a consultant and to have President Hill as part of that process was passed with the following roll call vote:

- AYES: President Hill, Vice President Schmidt, Commissioner Meadows, Commissioner Fligor
- NOES: None
- ABSENT: Secretary Epstein
- ABSTAIN: None

INFORMATIONAL ITEMS – NONE

MEMBER/STAFF REPORTS AND COMMENTS AND POTENTIAL FUTURE AGENDA ITEMS

Vice President Schmidt reported that she is the representative from the Town of Los Alto Hills to the Santa Clara County Library JPA and that we should be proud of our libraries as they are engaging in good work.

Commissioner Meadows indicated that she answered some questions via a phone call from Chavan and Associates, the Authority’s auditors.

Commissioner Fligor reported that the Los Altos City Council is going to a hybrid meeting model starting with their November 15, 2022, meeting and that depending on the new Los Altos Mayor assignments, she might not be part of this Authority in 2023. Commissioner Fligor thanked the group.

President Hill also reported she was scheduling a call with Chavan and Associates to answer their questions.

Vice President Schmidt inquired as to the involvement of other library focused groups to be part of the conversation with NCLA regarding the use of funds to uphold library services. President Hill responded that the item will come back to the Authority at a later time.

Commissioner Meadows reminded the Authority of the need to meet in December to review the Emergency Resolution.

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ADJOURNMENT

President Hill adjourned the meeting at 5:30 pm.

Cindy Hill, President

ATTEST:

Angel Rodriguez, Interim City Clerk



NORTH COUNTY LIBRARY AUTHORITY
MINUTES
11:00 AM – Friday, December 16, 2022
via Videoconference



CALL MEETING TO ORDER

At 11:00 a.m. President Hill called the meeting to order.

ESTABLISH QUORUM

PRESENT: Commissioner Meadows, Commissioner Fligor, President Hill
ABSENT: Secretary Epstein, Vice President Schmidt

PLEDGE OF ALLEGIANCE

Staff liaison Rodriguez lead the pledge of allegiance.

PUBLIC COMMENTS

There were none.

ITEMS FOR CONSIDERATION/ACTION

- 1. Declaration of Local Health Emergency – Necessitating Hosting Virtual Commission Meeting; Adoption of Resolution 2023-07**

A motion by President Hill, seconded by Commissioner Fligor, to adopt Declaration of Local Health Emergency, Resolution 2023-07, was passed with the following roll call vote:

AYES: Commissioner Meadows, Commissioner Fligor, President Hill
NOES: None
ABSENT: Vice President Schmidt, Secretary Epstein
ABSTAIN: None

ADJOURNMENT

President Hill adjourned the meeting at 11:35 am.

Cindy Hill, President

ATTEST:

Angel Rodriguez, Interim City Clerk

**NORTH COUNTY LIBRARY AUTHORITY
LOS ALTOS, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

**Prepared by
FINANCE DEPARTMENT**

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**NORTH COUNTY LIBRARY AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
of the North County Library Authority
City of Los Altos, California

We have audited the accompanying financial statements of the governmental activities and the General Fund of the North County Library Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

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 the 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. 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 Authority'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 Authority'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 of the governmental activities and the General Fund of the Authority as of and for year then ended June 30, 2021, and the respective changes in financial position 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 and other required supplementary information as listed in the Table of Contents 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.

Pleasant Hill, California
June 13, 2022

**North County Library Authority
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

The North County Library Authority (NCLA) prepares its financial statements using the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The purpose of the Management's Discussion and Analysis (MD&A) is to provide users with a narrative introduction, overview, and analysis of the financial statements.

Overview of the Financial Statements

This discussion and analysis are intended to introduce the NCLA's basic financial statements that include the Government-Wide Financial Statements and the Fund Financial Statements.

The ***Government-Wide Financial Statements*** are designed to provide readers with a broad overview of NCLA's finances, in a manner similar to a private-sector business. They are comprised of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* provides information about NCLA's assets and liabilities, including all long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of NCLA is improving or deteriorating.

The *Statement of Activities* provides information showing how NCLA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The ***Fund Financial Statements*** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. NCLA's Fund Financial Statements contain only *Governmental Funds*.

Unlike the Government-Wide Financial Statements, the *Governmental Funds* focus on how money flows into and out of those funds and the balances remaining at year-end. These funds are reported using the modified accrual accounting, which measures cash and all other financial assets that are readily converted cash. The fund statements provide a detailed short-term view of NCLA's general operations and the basic services it provides. These statements do not include long-term assets or liabilities.

GASB 54 Compliance: The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

OVERVIEW:

The North County Library Authority (NCLA) has fiduciary responsibility for overseeing a parcel tax of \$76 per year per parcel authorized by voters from 2010 through 2030. The NCLA mission is “To plan, support, acquire, maintain and operate programs and facilities for the extension of public library services for the benefit of the inhabitants within the collective boundaries of the Member Entities (defined as City of Los Altos and City of Los Altos Hills).” There are 13,938 developed parcels identified by the County of Santa Clara participating in the parcel tax.

In FY 2019-20, NCLA funds 17 additional weekly hours at the Los Altos Library and 25 additional weekly hours at the Woodland Branch Library. The closure of the libraries in March 2020 due to the COVID-19 pandemic resulted in reduced hours billed and therefore lower NCLA expenditures than expected.

NCLA began a community process to explore potential expansion or rebuild of the Los Altos Library in FY 2017-18. As a result, some costs were incurred for studies and analysis during this Fiscal Year.

FINANCIAL HIGHLIGHTS:

- Net position is 5,060,606 and has increased by \$770,489 at year end, above the 2019-20 budget projections.
- The total liabilities decreased by \$302,359 at year-end as a result of lower accrued accounts payable invoices.
- Interest revenue remained flat due to the large drop in the Discount Rate and is expected to be lower moving forward in the short run.
- Total expenses were 15.4% below budget due to the Covid-19 Closures that prevented several planned activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NCLA Net Position			
	Government-Wide Activities		
	6/30/2021		6/30/2020
Current Assets:			
Cash and investments	\$	6,200,973	\$ 5,057,077
Accounts and Interest Receivable		8,942	16,948
Total Assets		6,209,915	5,074,025
Current Liabilities:			
Accounts and salaries payable		18,909	13,419
Total Liabilities		18,909	13,419
Unrestricted Net Position		6,191,006	5,060,606
Total Net Position	\$	6,191,006	\$ 5,060,606

Total Net Position was \$6,191,006 at the end of this fiscal year, an increase of \$1,130,400 over the prior year. This improvement in fiscal metrics is in line with long-term projections constructed in the budgetary planning process as well as the inability to execute planned budgeted expenses due to the COVID-19 Pandemic. NCLA has the authority to continue to levy the special parcel tax annually in accordance with its mission to support library services in Los Altos and Los Altos Hills.

NCLA Net Position		
	Government-Wide Activities	
	6/30/2021	6/30/2020
Revenues		
Program Revenues		
Charges for Services	\$ 1,091,433	\$ 1,051,404
General Revenues		
Interest Income & Unrealized Gain/(Loss)	45,630	118,779
Miscellaneous	-	-
Total Revenues	1,130,400	1,170,183
Expenses		
Administration and Community Services	6,663	399,694
Total Expenses	6,663	399,694
Change in Net Position	1,130,400	770,489
Net Position, Beginning of Year	5,060,606	4,290,117
Net Position, End of Year	\$ 6,191,006	\$ 5,060,606

Program revenues reflect the parcel tax base while the total planned expenses have been delayed due to Covid 19 restrictions and are in compliance with budgetary limits.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- NCLA's revenue is projected to sustain twenty years of continued expanded levels of service. Since NCLA funds labor costs that are controlled by the County, the implementation of cost control measures at the County level remains a key assumption. The County assumes a 5.6% increase in labor costs each year.
- NCLA will continue to allocate funding to provide an additional 17 operational hours per week at the Los Altos Library and an additional 25 hours per week at the Woodland Branch Library.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of NCLA's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North County Library Authority, One North San Antonio Road, Los Altos, CA 94022.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**NORTH COUNTY LIBRARY AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental
	<u>Activities</u>
ASSETS	
Current assets:	
Cash and investments (Note 2)	\$6,200,973
Interest receivable	<u>8,942</u>
Total assets	<u>6,209,915</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>18,909</u>
Total liabilities	<u>18,909</u>
NET POSITION	
Unrestricted	<u>6,191,006</u>
Total net position	<u><u>\$6,191,006</u></u>

See accompanying notes to financial statements

NORTH COUNTY LIBRARY AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Governmental Activities
Primary government:			
Administration and community services	\$6,663	\$1,091,433	\$1,084,770
Total governmental activities	6,663	1,091,433	1,084,770
General revenues:			
Interest income			45,630
Total general revenues			45,630
Change in net position			1,130,400
Net position, beginning of year			5,060,606
Net position, end of year			\$6,191,006

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

**NORTH COUNTY LIBRARY AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2021**

	General Fund
ASSETS	
Cash and investments (Note 2)	\$6,200,973
Interest receivable	8,942
	<u>8,942</u>
Total Assets	<u><u>\$6,209,915</u></u>
LIABILITIES	
Accounts payable	<u>\$18,909</u>
Total Liabilities	<u>18,909</u>
FUND BALANCES	
Unassigned	<u>6,191,006</u>
Total Liabilities and Fund Balance	<u><u>\$6,209,915</u></u>

See accompanying notes to financial statements

**NORTH COUNTY LIBRARY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund
REVENUES:	
Taxes and special assessments	\$1,091,433
Interest income	45,630
	1,137,063
Total revenues	1,137,063
EXPENDITURES:	
Contractual services	6,663
Miscellaneous	6,663
	6,663
Total expenditures	6,663
Net change	1,130,400
Fund balance, beginning of year	5,060,606
Fund balance, end of year	\$6,191,006

See accompanying notes to financial statements

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**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North County Library Authority (Authority), formed in 1985 by a joint exercise of powers agreement between the City of Los Altos (City) and the Town of Los Altos Hills, provides library services for member residents. The Authority was created to provide financing for capital improvements and additional services by the public libraries serving the area. Although the City owns the libraries and their sites, the County of Santa Clara (County) is responsible for all library operations. However, since 1991, the Authority has levied a voter approved special parcel tax to compensate for service reductions due to cutbacks by the County. The special tax has been collected by the County, transferred to the City, on behalf of the Authority. The Authority provides funding to the County for additional County staff hours at the two libraries in Los Altos, based on county costing of labor costs. The City performs administrative and accounting services for the Authority.

The Authority has no regular employees.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the Authority.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Authority in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Governmental Fund Financial Statements

Description of Funds: The accounts of the Authority are organized and operated on the basis of funds, each of which is defined as separate fiscal and accounting entity with a self-balancing set of accounts. These funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with Authority's adopted policies and budget, different types of funds are used to record the Authority's financial transactions. For financial reporting purposes, the Authority's funds are presented as follows:

**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2021**

Item 3.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Type:

General Fund – The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund. The general fund is required to be presented as a major fund.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a "current financial resource" measurement focus. Accordingly, only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All governmental fund types are accounted for using the modified accrual basis of accounting, wherein revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Measurable means the amount of the transaction can be determined and available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Revenues considered susceptible to accrual include property taxes (generally due within 60 days), changes for services, federal and state grants, and interest. Expenditures, are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on general long-term debt which is recognized when due.

C. *Assets, Liabilities and Equity*

Cash and Investments

The balance of the Authority's cash account is available to meet current operating requirements. Cash in excess of current requirements may be invested in various interest-bearing accounts and other investments for varying terms. The cash balance at June 30, 2021 is maintained in the City Treasury, the Local Agency Investment Fund (LAIF) of the State of California, a pooled investment fund with the City of Los Altos, and the Santa Clara County pool investments.

The Authority participates in an investment pool managed by the State of California, titled LAIF, which has invested a portion of the pool funds in structured notes and assets-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 assets-backed securities are subject to market risk as to change in interest risk.

In September 2016 the Authority authorized moving some funds out of LAIF into a fund pooled with the City of Los Altos managed by an investment firm. The commission has subsequently moved these funds from the City to the Santa Clara County investment pool in October 2019.

Investment Valuation

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. Market value is used as fair value for those securities for which market quotations are readily available.

**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2021**

Item 3.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is based on the lowest priority level input that is significant to the entire measurement.

D. *Net Position and Fund Balances*

Government-Wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

Restricted Net Position – This amount is restricted by external creditors, grantors, contributions, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund Financial Statements

The Authority reclassifies fund balances into the following five categories to comply with the GASB No. 54, *Fund Balance and Governmental Fund Types*. Fund balance is defined as the difference between assets and liabilities.

Nonspendable fund balances include amounts that cannot be spent because these are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

Restricted fund balances exist when constraints are placed on the use of those resources that are either externally imposed or imposed by law. In general, most reserve funds will fall into this category. The Authority reported no fund balances as restricted on the balance sheet of the governmental funds.

**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (Governing Board or Council).

Assigned fund balances are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted, nor committed. The intent can be made by either the governing body itself or a body or official to which the governing body has delegated the authority to (purchasing agent and business official). Appropriated fund balance and the majority of encumbrances will be reclassified into the assigned category. The Authority reported no fund balances as assigned on the balance sheet of the governmental funds.

Unassigned fund balances will represent those funds that have not been assigned, committed, restricted or considered nonspendable. The general fund is the only fund that will report an unassigned fund balance, unless a deficit fund balance resulting from overspending in other funds exist. Fund balance in other funds will either be assigned, committed, restricted or nonspendable unless the fund reports a deficit.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Authority management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

The City and the County of Santa Clara are responsible as the fiduciary of the Authority and manages investments on behalf of the Authority, which is pooled with those of the City. The investments made by the City Treasurer are limited to those allowable under State statues as incorporated into the City's Investments Policy that are even more conservative than those allowed by State statutes. The City's Investment Policy and the California Government Code allow for a variety of investments, which can be purchased and held.

Cash and investments as of June 30, 2021, consist of the following:

Cash pooled with City of Los Altos	\$ 818,816
Santa Clara County investments pool	<u>5,382,157</u>
Total cash and investments	<u><u>\$ 6,200,973</u></u>

**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

They Authority’s cash is pooled with the Los Altos’ Treasurer and the Country of Santa Clara’s investment pool, who act as the disbursing agents for the Agency. The fair value of the Authority’s investment in these pools are reported in the accompanying financial statements at amounts based upon the Authority’s pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolios (in relation to the amortized cost of those portfolios). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasurers are allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter.

B. Authorized Investments

The table below identifies the investment types that are authorized for the Authority by the California Government Code and the Authority's Investment Policy are more restrictive. The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Remaining Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	100%	None
U.S. Agency Securities	5 years	None	100%	20%
Supra-National Agency Notes and Bonds	5 years	AA	20%	None
Bankers' Acceptances	180 days	None	20%	10%
Commercial Paper	270 days	A-1	25%	5%
Negotiable Certificates of Deposit	5 years	A	30%	3%
Corporate Medium Term Notes	5 years	A	30%	3%
Repurchase Agreements	180 days	None	20%	10%
Money Market Mutual Funds	None	None	20%	10%
Local Agency Investment Fund	None	None	100%	\$75 million
Asset-backed Securities	5 years	AAA	20%	3%

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Risk Disclosures

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Santa Clara County investment pool is classified in Level 2 of the fair value hierarchy and is valued using a quoted price in a non-active market for an identical asset. The LAIF is valued at amortized cost and therefore, exempt from being classified under GASB 72.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. Typically, the Authority manages its exposure to interest rate risk by investing in the Santa Clara County investment pool and by purchasing a combination of shorter-term and longer-term investments. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Authority has no specific limitations with respect to this metric. The Santa Clara County investment pool had a weighted average life of 615 days as of June 30, 2021.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF was unrated at June 30, 2021.

Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Authority investments that are required to be disclosed.

**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the Authority's bank balance was either insured or collateralized, but the collateral was not held specifically in the Authority's name.

Custodial Credit Risk – Investments

The Authority maintains a portion of its cash in Santa Clara County Treasury, an external investment pool. The County pools these funds with those of other governmental entities in the county and invests the cash. These pooled funds are carried at fair value. Interest is earned based on average daily balance and is deposited quarterly into participating funds. Any investment gains and losses are proportionately shared by all funds in the pool. The County is restricted by the California Government Code to invest in obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government sponsored enterprise; obligations of State and local agencies of this State; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code.

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REQUIRED SUPPLEMENTARY INFORMATION

**NORTH COUNTY LIBRARY AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and special assessments	\$1,051,404	\$1,051,404	\$1,091,433	\$40,029
Interest income			45,630	45,630
Total revenues	1,051,404	1,051,404	1,137,063	85,659
Expenditures:				
Operations:				
Contractual services	398,591	398,591		398,591
Miscellaneous			6,663	(6,663)
Total expenditures	398,591	398,591	6,663	391,928
Excess of revenues over expenditures	\$652,813	\$652,813	1,130,400	\$477,587
Fund balance, beginning of year			5,060,606	
Fund balance, end of year			\$6,191,006	

**NORTH COUNTY LIBRARY AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Fiscal year Ended June 30, 2021**

NOTE 1 – BUDGETARY ACCOUNTING

The Authority annually adopts a budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the “annual appropriated budget.”

Appropriations lapse at the end of the fiscal year. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

Budget information is presented for government fund types on a consistent basis with accounting principles generally accepted in the United States of America. Budgeted revenue and expenditure amounts represent the original budget modified for adjustments during the year.

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NCLA Billing Summary

Meyers Nave INV for Approval:

Invoice	Date	Fees	Cost	Total
196379	8/15/2022	\$1,050.00	\$52.50	\$1,102.50
197388	9/12/2022	\$260.00	\$13.00	\$273.00
198543	10/18/2022	\$1,055.00	\$52.75	\$1,107.75
199464	11/11/2022	\$462.00	\$23.10	\$485.10
200336	12/9/2022	\$469.00	\$23.45	\$492.45
				\$3,460.80

NBS INV

Invoice # 202209-2082 - Professional Services from July 1, 2022 through June 30, 2023:
\$7,177.70

NCLA Ad Hoc Committee Report on Excess Parcel Tax Options

January 2023

At the October 2022 NCLA meeting, Commissioners Epstein and Hill were directed to provide a short summary of possibilities on how to use any excess funds from the parcel tax.

Background: In the last several years NCLA has not had to use the parcel tax revenue to fund the increased hours that both libraries enjoy. In addition, NCLA has not been asked to fund the acquisition of additional resources such as books, digital materials or projects.

Due to the annual ERAF funding (Educational Revenue Augmentation Fund, established in 1992) that the State of California has provided to the SCCLD and the reduced spending the SCCLD incurred due to the pandemic closing the libraries or providing minimal drop-by service for nearly two years, NCLA projects having approximately \$7.8 million at the end of the fiscal year 2029-2030.

There are myriad options to consider for these excess funds. Four options have been identified for consideration, in no order of preference or recommendation:

1. Stop collecting the parcel tax
2. Use the excess funds to extend open hours for both libraries
3. Continue to collect the parcel tax until 2029-2030 and use the funds for future years.
4. Use the excess funds to restore square footage and services to the Main Library

Option 1: Stop collecting the parcel tax

The parcel tax could be stopped at a specified date. Each parcel is taxed \$76.00 per year through June 2030. County parcels within the Los Altos libraries service area but outside the boundaries of Los Altos and Los Altos Hills, such as the Country Club area, are exempt from paying this tax. Each year brings in approximately \$1,051,000.00 to NCLA, a total of approximately \$7,350,000.00 over the next seven years.

If the tax ended at the end of FY2023, there would be seven years of tax relief for the residents. Each parcel would realize a savings of \$532.00.

The advantage is a tax savings to residents of \$532.00

The disadvantage is that the funds would not be available if there was an unexpected or planned need.

Option 2: Use the excess funds to extend open hours for both libraries

Explore the possibility of extending hours to the libraries. For instance, open at 9am, one hour earlier for the Main Library, and two hours earlier for the Woodland Library.

Thus, the Main Library would be opened

- Monday through Thursday from 9am – 9pm (current hours M-Th 10am-9pm)
- Friday through Sunday 9am – 7pm (current hours F-Su 10am-7pm)

Woodland would be opened:

- Monday through Wednesday from 9am – 8pm (current hours M-W 11am-8pm)
- Thursday through Sunday from 9am – 5pm (current hours Thu-Sun 11am-5pm)

The ultimate goal being to have our main library open 9AM – 9PM every day, and Woodland 9AM-8PM Mon-Wed, 9AM-6PM Thurs-Fri.

The benefit to this scenario is that residents would have increased access to their libraries, which was a primary purpose of the original NCLA JPA: *“...to the end that the hours of library service may be extended through additional funding to be raised via the levy of special taxes...”* (North County Library Authority Joint Exercise of Powers Agreement, August 1, 1985)

The disadvantage may be that the hours do not reflect the needs of the residents.

Another disadvantage is that this option would require significant time to implement as it requires significant changes to the current staffing; it’s not an quick ‘fix’ to add hours because it impacts staff hours and availability. Adding additional hours would require a major revamp of schedules, hiring of part-time and possibly full-time staff, and would require working with the labor union to make scheduling and staffing changes.

NOTE: Open Access Pilot: With the recent launch of Open Access, nine additional hours have been added to Woodland Library. Woodland has extended its hours on Tuesday, Thursday and Sunday from 8am – 11am. If successful, this model could be extended to the Main Library.

*“Sign up for **Open Access** and enjoy exclusive, self-service access to browse books, check out library materials, relax and read, or use the WiFi or our computers, printers and copy machines.”*

Option 3: Continue to collect the parcel tax until end of FY2029-2030 and use the funds for future years

Based on our current projected spend and parcel tax revenue, if ERAF funding was stopped and NCLA resumed full reimbursement for extra hours in the next fiscal year (2024-2025), NCLA would be able to fund SCCLD through most of FY2035-2036 (six years after NCLA's parcel tax expired).

If ERAF reimbursement continues through FY2025-2026 and/or if SCCLD increases general funding for additional open library hours at all the County libraries, NCLA would have enough reserves to continue reimbursing SCCLD for additional years.

The benefit to this scenario is that it allows for a several-year delay for a new parcel tax election, if a new parcel tax is a necessity in the future.

The disadvantage is that the funds would eventually run out, and if the parcel tax funds are still required to pay for extended open hours, it would be a new parcel tax, rather than a continuation of an existing parcel tax. There is also the possibility that all parcel taxes collected for a certain period and restricted use must be expended for that use within the time frame of the parcel tax period, in which case this option would not be possible.

Option 4: Use excess funds to restore space and services to the Main Library

As reviewed in the attached Proposal and in NCLA's Attorney's Opinion and Recommendation, the one-time option that is available to NCLA at this time, if NCLA moves quickly enough, is to use the excess funds to expand the square footage of the Los Altos Library. Normally the NCLA funds cannot be used for capital improvements. This is a rare set of circumstances that have made that opportunity available for fleeting time period.

As a review, in July 2022 the Friends of the Library operation moved into the main library. This resulted in significant loss of library space available to patrons, loss of a quiet zone for patrons, loss of 14,000 books from the collection, and loss of patron browsing opportunity. The primary use of NCLA funds is to pay for the library staffing needed to provide extended hours of operation for patron use. A second approved use is to purchase books. The final possible use of NCLA funds is for general library purposes to "uphold the level of services". It is this final use that has never been funded before but comes into play now.

Advantage: The Los Altos Library is remodeled and expanded to restore square footage to patrons, create quiet meeting areas and restore lost patron services. The opportunity presents itself to incorporate funds from all sources (LALE, Friends of the Library, City of Los Altos, Town of Los Altos Hills, County Library District, individual donations) to increase the pool of funds available to maximize the level of library expansion and improvement, kick-started by NCLA's initial investment of \$7,000,000. An additional advantage is the NCLA funds will be consumed for the approved restricted library purposes within the designated timeframe, as intended by the residents when they approved Ballot Measure L in 2010.

Disadvantage: The opportunity only exists now, the final design and beginning of construction has a start target date of July 2024, two years after services were lost at the Los Altos Library. A later start date loses the qualification to allow NCLA funds to be used “to uphold the level of service”.

Recommendation: That the NCLA may review the options, and if needed, continue researching options based on any requests for additional information and/or analysis with the intent to continue finalize the decision at the next NCLA meeting; or NCLA can make a decision on the use of excess parcel tax funds tonight. This has been the third NCLA meeting the issue has been discussed and a legal opinion has been requested and obtained regarding Option 4. A proposed motion follows for consideration.

Motion: Approve \$7,000,000 from NCLA funds for the purposes of capital expansion of the Los Altos Library to uphold library services lost in July 2022 when FOL moved into the library to be used by December 31, 2026.

CONDITIONED on the Friends of the Library, the Library Endowment (LALE) and Building Fund, the Santa Clara County Library District, the City of Los Altos, and the Town of Los Altos Hills all contributing to the Library Remodel and Improvement Project as well. A fundraising campaign through LALE to encourage new private donors will be encouraged. A Project Task Force made up of one member from each contributing entity as well as the Los Altos Librarian, the County Librarian, and City Facilities staff, will oversee design concept and report back regularly to their member entities.



TO: North County Library Authority (NCLA) Commission

FROM: Claire Lai, Commission Attorney

DATE: October 3, 2022

SUBJECT: Consideration of Use of NCLA Funds Relating to Los Altos Library

Summary

At the July 18, 2022 meeting, the Commission considered a proposal for potential capital expenditures at the Los Altos Library to uphold services. The Commission attorney received direction to review the text of the Measure L Parcel Tax ballot measure to determine whether the proposed expenditure would be permitted pursuant to the spending limitations established by said measure.

Discussion

In 2010, voters in the City of Los Altos and the Town of Los Altos Hills approved Measure L to levy a \$76 special parcel tax for 20 consecutive fiscal years. The North County Library Authority (“NCLA”) was formed through a joint powers agreement between the City of Los Altos and the Town of Los Altos Hills. The purpose of the NCLA is to create an agency which will plan, support, acquire, maintain and operate programs and facilities for the extension of public library services for the benefit of the inhabitants within the collective boundaries of the City of Los Altos and Town of Los Altos Hills.

NCLA’s expenditure of Measure L funds is subject to the parameters set forth by the ballot measure. Under California law, the revenue collected from Measure L parcel tax may only be spent for specific purposes as it is a “special tax”. The stated purposes under Measure L, for which tax proceeds may be used, are as follows:

- (1) **Maintain library hours.** Funds may be spent on maintaining specified number of hours at Los Altos and Woodland library locations.
- (2) **Purchase books and materials.** Funds may be used to supplement the Santa County Library system to purchase books and materials tailored to specific community needs and interests.
- (3) **Support library programs.** Money may also be used to support and maintain the level of programs that is currently provided for all age groups.

- (4) **General purposes.** Funds may be used for any other expenditure necessary to uphold the level of service, including expenses related to a future election when the parcel tax expires.

Tax proceeds may not be spent on items outside of the specified purposes above.

As presented to the Commission at its July 18 meeting, NCLA's latest Fund Balance Project in 2018 has projected 2030 Fund Balance at \$4,546,582 and the Authority has continued to incur savings while collecting approximately \$1,051,500 per year. It has come to the Authority's attention that the existing Los Altos Library has been experiencing certain changes due to the relocation of the Friends of the Los Altos library ("FLAL") entity into the library building. As a result of this move, it was reported to the Commission that 14,000 books would be discarded, a quiet reading/study area would be eliminated, and the overall space for library patron usage would be diminished. In addition, the demand for certain services (such as bookings for private and small group meeting space) and the need for large spaces to maintain social distancing have increased since the COVID-19 pandemic. The issue presented before the Commission was whether NCLA funds could be used to address these issues and needs presented at the Los Altos Library, including a potential expansion of the library building, in light of the spending limitations imposed by Measure L. For ease of reference, the initial proposal is set forth under Attachment 1 to this report.

In reviewing the ballot language, we have concluded that NCLA would be permitted to use Measure L proceeds to fund said library improvements as such expenditures likely qualify as upholding the level of library service. As noted above, the text of Measure L sets forth several specific spending purposes and includes a "catch-all" provision allowing special tax proceeds to be used for "any other expenditure necessary to uphold the level of service." This includes expenses to conduct a future election when the new parcel tax expires. Based on a plain reading of this language, it appears to us that the intent of the text is to maintain the current level of service and the status quo (i.e. services presently provided and the future opportunity to maintain a parcel tax funding source), rather than supporting new infrastructure or facilities that are intended to expand the level of service.

As the ballot measure text do not further define this phrase, it is appropriate to review each proposed expenditure to determine whether the purpose of the spending is to uphold existing services or to create new/different services or programs. In this case, the changes occurring at Los Altos Library would appear to decrease the level and quality of services provided to patrons and spending Measure L proceeds to address the decrease in level of service is within the intended purpose of the ballot measure.

To illustrate, we understand that due to the relocation of FLAL operations into the library's physical space, patrons will not be able to utilize previously available browsing space or meeting rooms. The library's collections also had to be reduced to accommodate the relocation and patrons would no longer be able to access the part of the collection that has been discarded. Additional books, materials, equipment (i.e. including display and/or book shelves), browsing spaces, and meeting rooms or areas would be required to be added in order to restore the level of service to previously existing level. This may include building an extension to the existing



library as necessary to restore said service level. Additionally, the purchase of books or materials in response to the change in circumstances would be another specifically permitted purpose under the ballot measure. Further, as the Commission is aware, Section 5 of the NCLA's Joint Exercise of Powers Agreement (JPA) grants the NCLA with the "power and authority to plan, support, acquire, construct, maintain and operate programs and facilities for augmentation of public library services", which provides NCLA with the authority to utilize funds upholding the level of service within the scope set by the ballot measure.

Therefore, in light of the changes in services and circumstances as we understand them, it appears that the proposed expenditure as presented to the Commission on July 18, 2022 would be appropriate under the ballot measure language. The Commission should be clear that capital expenditures, such as expanding the library's building or physical space, must be for the purpose of restoring the reduction in space and services that were previously available to library patrons in order to be considered justifiable based on the ballot measure text. Constructing new spaces or facilities which are not related to such purposes would unlikely qualify as "upholding" the level of services as their purpose is not to maintain the status quo as intended by the measure based on our reading of that language. If the Commission desires to proceed with the project through utilization of Measure L funds, the foregoing limitations should also be clearly described in the project's scope of work.

Recommendation

It is recommended the Commission review the information presented in this report and provide direction to staff regarding next steps.

Attachments:

- 1- Proposed Use of Funds as presented to Commission at the July 18, 2022 meeting
- 2- Parcel Tax Measure Language

5201759.1

Proposed by Commissioner Suzanne Epstein

Proposal to use \$6-7 million of NCLA funds to uphold services at the Los Altos Library.

The NCLA Board, consisting of five appointed Commissioners, is the citizen's oversight board established to provide oversight and accountability on the services funded by the Measure L Library parcel tax to ensure that said funds are spent for the specific purposes set forth in the parcel tax language approved by the voters. The amount of a parcel tax was established so as to cover the defined purposes for the stipulated duration. At the end of the period, the remaining funds should be close to zero. Our current parcel tax is for the twenty year period from 2010-2030. It is a set rate of \$78/year. Though the NCLA Board in 2009 engaged a financial consultant to calculate the annual amount necessary to be collected for twenty years in order to maintain the Library's extra hours until 2030, it now appears the annual \$76 fee was higher than necessary. In NCLA's latest Fund Balance Projection, dated March 7, 2018, the projected 2030 Ending Fund Balance was \$4,546,582. Since that date, NCLA has experienced further savings, yet has continued to collect approximately \$1,051,500/yr. The COVID shut down was the principal cause for lack of spending. That and the windfall ERAF funds, and other government credits, have resulted in virtually no NCLA library staffing expenditures for two years and again for an anticipated third year in FY23.

NCLA has previously looked at how excess funds could be used for library purposes. We are restricted by the parcel tax language, which does not allow for our supporting the goal of building a brand new library.

Measure L Parcel Tax money can be used for limited and specific purposes, namely to maintain library hours, to purchase books and materials, to support library programs, and for "**general purposes necessary to uphold the level of service**". We suddenly have been presented with a golden opportunity to utilize the excess NCLA funds. This month the Friends of the Los Altos Library moved into the existing Los Altos Library. To make possible the Library's accommodation of having the entire Friends of the Los Altos Library operation move inside the Library, valuable patron space was lost, 14,000 books were discarded, a quiet reading/study area will disappear, and spacious patron browsing opportunity was diminished. In addition, due to the lifestyle and work-life changes wrought from the COVID pandemic, the demand for certain services has increased (including more requests for private and small-group meeting areas) and the need for more 'roomy' program areas so attendees are not forced to sit close together. This presents a unique and immediate opportunity to use NCLA funds to expand the existing library to restore services, **if we can move fast enough for the expansion to qualify as "upholding services"** as specified in the ballot measure language.

Recommended conditions for authorization of this expenditure could include:

1. LALE contributes \$3-3.5 million, and the Friends of the Library contribute \$1 million in addition to the NCLA funds.
2. The City of Los Altos contributes by covering their own charges for permits, inspections and personnel. The City is the beneficiary of the newly expanded City building.
3. The County provides some funding toward initial architectural design.

4. A Committee is formed for oversight and planning. Suggested: The Committee consists of one member appointed by NCLA, one member appointed by Friends of the Library, one member appointed by LALE, one member appointed by the Library Commission, the Los Altos Librarian, ___ members appointed by the County, and ___ from the City of Los Altos.
5. The City of Los Altos has final approval over the architectural plan and oversight of construction.
6. Construction begins within two years to qualify for NCLA funds.

If NCLA wishes to proceed with this, time is of the essence.



December 14, 2022

Cindy Hill
President, North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

Dear Ms. Hill:

Municipal Resource Group LLC (MRG) has previously provided liaison services between the City of Los Altos and the North County Library Authority JPA (NCLA) between November 2017 and June 2021. MRG has provided support to the JPA and the City with facilitation services including coordinating materials for meetings, facilitating meetings, budget development and recordkeeping. As requested, we are submitting an updated scope of work for the calendar year 2023.

Please review the proposed scope of services. MRG consultant Christi Mansel is pleased to provide services as attached. Christi's biography is attached for reference. Let us know if you need anything further.

Sincerely,

Mary Egan
CEO
MRG LLC
916-261-7547
egan@solutions-mrg.com



Scope of Work

The North County Library Authority, a Joint Powers Authority between the City of Los Altos and Town of Los Altos Hills, has requested assistance with meeting facilitation, and management and tracking of fiscal issues.

- Prepare and maintain records of all NCLA meetings, including financial spreadsheet(s). Consultant will prepare the meeting agendas, capture input and summarize into minutes, create and update financial spreadsheet(s), send out communications to meeting participants, and coordinate with the City of Los Altos, Town of Los Altos Hills and Santa Clara County, as needed.
- Facilitate regularly scheduled meetings and follow-up: Consultant will assist the NCLA in compliance with the newly updated Brown Act, meeting protocol, and follow-up on meeting items as needed. Issue meeting links, record and publish meeting video.
- Track Financial Information: Consultant will prepare and maintain spreadsheet(s) to inform the Authority and City Staff of financial status and information. Provide accounting assistance for vendor payments including communications to approve and confirm payments and follow up.
- Coordination of Consulting resources: Coordinate the figures for the updated Parcel Tax and Gann Limit provided by the CPA/Audit firm and Finance consultants, Chavan and Associates, LLP and NBS, for integration into the staff report for subcommittee (Board President and Secretary) and Board approval. Coordinate information with Meyers Nave, as needed.

Project Fees

MRG will invoice for actual hours worked at \$225 per hour, estimated at 15-20 hours per month with an additional initial project onboarding/project kick-off estimate of 30 hours. Expenses will be invoiced at cost, including mileage, printing and miscellaneous expenses up to \$1,750.

Additional work not contemplated in this proposal will be billed at the hourly rate and will be undertaken only after agreed upon in writing between the JPA and MRG. This estimate is valid for 60 days from the date of the proposal. Thank you for your continued trust in MRG and we look forward to working with you!

At all times during this project engagement, MRG will be an independent contractor. Both agencies confirm the specialized services are distinct from tasks customarily performed by the Agency. The services of Consultant specifically do not include hiring, firing, or supervising of any Agency personnel. Also, Consultant shall not have contracting or signing authority or act in the position of a Director or represent a management position at commission, Board or Council meetings.

Page : 1 / 1 Date : 01/26/2023 Time : 22:24:39
 1SCC Special Ledger Report Group :ZSL1 — Report : ZSLP001
 Fiscal Year :2023 Period From : 1 To : 6
 Fund/Group : 8210 N Cty Library Author

Client Name :Production
 Client # :777
 Created By :ALVAREZM02

The County Of Santa Clara
 Trial Balance : Modified Accrual By Fund Group

Account	Beg Balance	Debit	Credit	End Balance	YTD Debit	YTD Credit
1100000 Cash-Clearing	7,282,849.18	44,296.27		7,327,145.45	44,296.27	
* Unrestricted	7,282,849.18	44,296.27		7,327,145.45	44,296.27	
** Cash & Investments	7,282,849.18	44,296.27		7,327,145.45	44,296.27	
1121500 Interest Rec-Accrual	17,310.04	17,310.04-			17,310.04-	
** Receivables	17,310.04	17,310.04-			17,310.04-	
*** Current Assets	7,300,159.22	26,986.23		7,327,145.45	26,986.23	
**** Total Assets	7,300,159.22	26,986.23		7,327,145.45	26,986.23	
3400000 Fund Bal/Retain Earn	7,300,159.22-			7,300,159.22-		
*** Fund Balance	7,300,159.22-			7,300,159.22-		
**** Total Equities	7,300,159.22-			7,300,159.22-		
4301100 Interest-Deposits			26,986.23-	26,986.23-		26,986.23-
** Investment Income			26,986.23-	26,986.23-		26,986.23-
*** Revenue From The Use of Money & Pr			26,986.23-	26,986.23-		26,986.23-
**** Total Revenues			26,986.23-	26,986.23-		26,986.23-
***** FUND TOTAL		26,986.23	26,986.23-		26,986.23	26,986.23-
* Net Revenue & Expens			26,986.23-	26,986.23-		26,986.23-
* Total Equities	7,300,159.22-			7,300,159.22-		
* Total Assets	7,300,159.22	26,986.23		7,327,145.45	26,986.23	

FUND 8210 N County Library Authority Pool Deposit

M O D I F I E D A C C R U A L

GL Acct	Document No.	Post DT	Cost Date	Internal Order	WBS Element	Doc Header Text	Reference	Line Text	Debit Amount	Credit Amount
A S S E T S										
1100000	Cash-Clearing							Beginning Balance	7,282,849.18	
	104270577	SA	08/01/22			Int Alloc-FY22 Qtr 4 Adva			13,690.45	
	104281386	SA	08/01/22			Int Alloc-FY22 Qtr 4 Fina			3,619.59	
	104409350	SA	11/01/22			Int Alloc-FY23 Qtr 1 Adva			25,936.77	
	104434554	SA	11/01/22			Int Alloc-FY23 Qtr 1 Fina			1,049.46	
								Doc Type Subtotal	44,296.27	0.00
								Total Period Activity	44,296.27	0.00
1100000	Cash-Clearing							Ending Balance	7,327,145.45	
1121500	Interest Receivable-Accrual							Beginning Balance	17,310.04	
	104253760	SA	07/01/22			Int Alloc-FY22 Qtr 4 Accr		Int Alloc - FY 2022 QTR 4 Accrual	17,310.04-	
								Doc Type Subtotal	17,310.04-	0.00
								Total Period Activity	17,310.04-	0.00
1121500	Interest Receivable-Accrual							Ending Balance	0.00	
E Q U I T Y										
3400000	Fund Balance / Retained Earnings							Beginning Balance		7,300,159.22-
								Total Period Activity	0.00	0.00
3400000	Fund Balance / Retained Earnings							Ending Balance		7,300,159.22-
R E V E N U E S										
4301100	Interest - Deposits and Investments							Beginning Balance	0.00	
	104253760	SA	07/01/22	T8210		Int Alloc-FY22 Qtr 4 Accr		Int Alloc - FY 2022 QTR 4 Accrual		17,310.04
	104270577	SA	08/01/22	T8210		Int Alloc-FY22 Qtr 4 Adva		8210 Int Alloc - FY 2022 QTR 4 Advance	13,690.45-	
	104281386	SA	08/01/22	T8210		Int Alloc-FY22 Qtr 4 Fina		8210 Int Alloc - FY 2022 QTR 4 Final	3,619.59-	
	104409350	SA	11/01/22	T8210		Int Alloc-FY23 Qtr 1 Adva		8210 Int Alloc - FY 2023 QTR 1 Advance	25,936.77-	
	104434554	SA	11/01/22	T8210		Int Alloc-FY23 Qtr 1 Fina		8210 Int Alloc - FY 2023 QTR 1 Final	1,049.46-	
								Doc Type Subtotal	0.00	26,986.23-
								Total Period Activity	0.00	26,986.23-
4301100	Interest - Deposits and Investments							Ending Balance		26,986.23-
*TOTAL FUND	N County Library Authority Pool Deposit							Ending Balance	0.00	

GL Acct	Document No.	DT	Post Date	Cost Cntr	Internal Order	WBS Element	Doc Header Text	Reference	Line Text	Debit Amount	Credit Amount
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Objects for selection screen 1000

Fiscal Year					2023						
From Fiscal Period					001						
To Fiscal Period					006						
Fund Group.											
Fund											
Single Value					8210						
Modified Accrual					X						
Full Accrual											
Print Rev/Exp Transaction Dtl					X						
Summarize Rev/Exp Transactions											
Filename											
Document Types to Summarize											
No selections											
Logical File Path					ZOUTBOUND_NFS						
Source System					OTH						

Invisible selection criteria

*** END OF REPORT ***