

Capitola City Council

Agenda Report

Meeting: August, 28, 2025

From: City Manager Department

Subject: Seven-Year Extension of Library Financing Authority Joint Powers Agreement



Recommended Action: Approve the fifth Amendment to the Joint Exercise of Powers Agreement establishing the Santa Cruz County Library Financing Authority, and authorize the City Manager to sign the amendment.

Background: Financing of public library services in the County is provided through the Santa Cruz County Library Financing Authority (LFA), a Joint Powers Authority formed in 1996 by the County of Santa Cruz, the City of Capitola, and the cities of Santa Cruz, Watsonville, and Scotts Valley. The LFA was established to provide equitable financing of library services.

LFA funding currently comes from the proceeds of the 2008 voter-approved quarter-cent sales tax for libraries (Measure R) and from jurisdictional contributions (also referred to as "Maintenance of Effort" or MOE contributions) from the cities of Santa Cruz and Watsonville and the County Library Fund, which includes Capitola and Scotts Valley. Under the original LFA agreement approved in June 1996, the cities of Santa Cruz and Watsonville contributed a fixed amount from their general funds, and the County Library Fund contributed an amount based on actual property taxes collected in the unincorporated County and cities of Capitola and Scotts Valley.

When the LFA was established, the City of Santa Cruz contributed more than the County Library Fund based on population, and by holding the City of Santa Cruz's contribution flat these amounts were intended to equalize. That occurred approximately 15 years later, and the County Library Fund's contribution continued to grow from property taxes.

Since that time the jurisdictions have adopted three amendments to the LFA, each intended to move towards a more equitable distribution of costs and revenue, and provide sufficient resources for library services.

Discussion: The attached Fifth Amendment to the Joint Exercise of Powers Agreement Establishing the Santa Cruz County Library Financing Authority extends the term through June 30, 2032. The following table shows the MOE contributions of the cities and County Library Fund. The City of Capitola's contribution is included within the Library Fund.

Fiscal Year	City Of Santa Cruz	City of Watsonville	County Library Fund	Total
2025-2026	\$2,815,836	\$541,684	\$7,779,536	\$11,137,056
2026-2027	\$3,303,600	\$541,684	\$8,413,107	\$12,258,391
2027-2028	\$3,795,704	\$541,684	\$9,057,050	\$13,394,438
2028-2029	\$3,928,553	\$541,684	\$9,374,298	\$13,844,535
2029-2030	\$4,066,053	\$541,684	\$9,702,657	\$14,310,394
2030-2031	\$4,208,365	\$541,684	\$10,042,516	\$14,792,565
2031-2032	\$4,355,657	\$541,684	\$10,394,279	\$15,291,620

The following table shows the proposed distribution of the MOE funding, split between the two library systems:

Fiscal Year	Santa Cruz City/County Library System	Watsonville Library	Total
2025-2026	\$9,653,267	\$1,483,789	\$11,137,056
2026-2027	\$10,741,392	\$1,516,999	\$12,258,391
2027-2028	\$11,843,05	\$1,551,379	\$13,394,438
2028-2029	\$12,257,565	\$1,586,970	\$13,844,535
2029-2030	\$12,686,58	\$1,623,813	\$14,310,394
2030-2031	\$13,130,611	\$1,661,954	\$14,792,565
2031-2032	\$13,590,182	\$1,701,438	\$15,291,620

Fiscal Impact: No fiscal impact to the City of Capitola. Capitola residents pay into the County Library Fund, which is not controlled by the City.

Attachments:

1. Proposed Amendment

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager

Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager