



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

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