

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 25, 2010

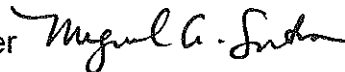
CAO File No. 0220-04595-0000

Council File No. 10-1057

Council District: All

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Library Commission dated June 16, 2010; referred to the Arts Parks, Health and Aging and the Budget and Finance Committees

Subject: **PROPOSED BALLOT MEASURE FOR A CITYWIDE PARCEL TAX TO FUND LIBRARY SERVICES**

SUMMARY

On June 16, 2010, the Board of Library Commissioners adopted Resolution No. 2010-23 (C-18) (Attachment 1) approving the placement of a ballot measure on the November 2, 2010 State General Election for an annual Citywide Library Parcel Tax to maintain and restore Library services and to reduce dependency on the City's General Fund. The proposed parcel tax included an unspecified sunset clause provision. The Library reports that four jurisdictions, Marin County, North County, San Anselmo and San Rafael approved specific library parcel tax measures in June, 2010. Pasadena, Monrovia and South Pasadena have also passed library parcel taxes in the last few years during November General Elections.

At its meeting on June 22, 2010, the Arts, Parks, Health and Aging Committee approved the proposed Library Parcel Tax without a sunset clause and supported the placement of the item on the November 2010 ballot. In order for the measure to be placed on the November 2010 ballot, the City Council must approve the actions of the Library Commission by June 30, 2010, identify funds totaling \$4.2 million to pay for the City's participation in the November State General Elections and request that the City Attorney prepare and present an ordinance for the City's participation in the election by July 14, 2010.

DISCUSSION

During May 2010, the Library hired FM3 (Consultant) to determine the level of voter support for a special parcel tax for library services. The Library reports that the purpose of this special tax is to generate funds specifically earmarked for use by the Library to restore six-day service at 64 branch libraries, reading incentive programs, after school homework centers, new books and other library materials. During the period, May 14 through 18, 2010, the Consultant conducted a poll and found that 68% of likely voters will or probably will vote yes on a \$39 annual parcel tax for library services on the 2010 November State General Election. The results of the poll indicate that the special tax measure could pass by the two-thirds majority vote required of the electorate.

The proposed parcel tax is projected to generate an additional \$30 million annually for Library Services. The revenue estimate is based on the figure of \$39 annually or \$3.25 per month per parcel of real property. Currently, the Library receives an annual allocation for its operations from unrestricted General Fund monies based on .0175 percent of the assessed value of all real property in the City of Los Angeles

as mandated by the City Charter. The Library budget for 2010-2011 is \$131,732,200. A detailed breakdown of the funding is provided in the attached chart (Attachment 2).

If the proposed ballot measure is passed, the Library reports that the additional revenue would be used to offset the impact of the decline in assessed property value, restore 304 positions and \$10 million in funding eliminated in the 2010-11 budget. The remaining \$20 million could be used to augment and enhance the library programs mentioned above and for related costs thereby reducing the Library's dependence on the General Fund. The Library Commission's decision to place the measure on the November 2010 ballot is based on polling results and recommendations from the Consultant.

The City Clerk has estimated that the cost to place the proposed measure on the ballot for the November 2010 General Election will be approximately \$4.2 million because this election is conducted by the County of Los Angeles and there are costs associated with participating in the County-run election (Attachment 3). The 2010-11 Budget does not provide any funding for the November 2010 General Election because, at present, it is not expected that the City will have specific items on the November ballot. Funding is provided for the May 2011 election. If the Library measure were placed on the ballot for the City's May 2011 election, no additional funding would be required.

As a result of the City's financial situation it is recommended that the special parcel tax be placed on the May 2011 ballot because it will not result in any additional costs to the City. If the Council approves the placement of the parcel tax initiative on the November 2010 ballot, it will be necessary to identify funding for the \$4.2 million in additional election costs for the single measure and to instruct the City Attorney to prepare an ordinance for the City's participation in the election by July 14, 2010.

If the decision is made to proceed with a November ballot date, it is recommended that the Library Department be instructed to identify resources to fund the election costs. If sufficient resources are not available, and if there are available monies in the Reserve Fund, a loan could be approved with the understanding that the Library would be responsible for repayment of the loan from Library operating funds or from proceeds from the successful passage of the parcel tax for repayment of the loan. In the event that this item is placed on either the March or May, 2010 ballot, it is recommended that the Library reimburse the City Clerk for any incremental election costs associated with the addition of the ballot measure.

RECOMMENDATION:

That the Council:

1. Approve the placement of a ballot measure, as detailed in the June 16, 2010 Board of Library Commissioners report and Resolution No. 2010-23 (C18), as attached to the Council File on the May 2011 Citywide Election for an annual Citywide Parcel Tax for a defined period of time to expand Library hours of operation; expand collections and strengthen library capacity to service children, students and families; and to reduce its dependency on the City's General Fund with the exception of not including a "sunset clause" as part of said ballot measure;
2. Request the City Attorney to Prepare and Present the necessary election resolutions and Ordinance to place before the voters a ballot measure as detailed above in Recommendation No 1;
3. Request the Board of Library Commissioners to reimburse the City Clerk for any incremental costs associated with the inclusion of the ballot measure in either the March or May, 2011 election.

FISCAL IMPACT STATEMENT

The proposed ballot measure could generate an estimated \$30 million in additional dedicated revenue for the Library Department, which if approved by the electorate, could offset costs currently covered by the General Fund for the provision of services to the Library. Additional funding in the amount of \$4.2 million would be required for the City Clerk budget for 2010-11 election costs associated with the placement of this item on the November 2010 ballot. No additional funding or instructions are required if the item is placed on the ballot for the May 2011 City election.

Attachment 1 – Library Commission letter and Resolution C-18

Attachment 2 – Library Funding Detail

Attachment 3 – September 9, 2010 City Clerk letter on Ballot Measure Costs for 2010 Elections

MAS/MTS/JLVW

Doc Id: 08100341

5088

Attachment 1

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

BOARD OF LIBRARY COMMISSIONERS

DR. TYREE WIEDER
PRESIDENT

DR. MARSHA HIRANO-NAKANISHI
VICE PRESIDENT

ROBERT A. CHICK
CARLOS A. SINGER
RITA WALTERS

RAQUEL M. BORDEN
BOARD EXECUTIVE ASSISTANT

LOS ANGELES
PUBLIC LIBRARY
ADMINISTRATIVE
OFFICES
630 WEST FIFTH STREET
LOS ANGELES, CA 90071

(213) 228-7515 Phone
(213) 228-7096 TDD
(877) 488-4327 TDD
(TOLL FREE NO.)

MARTÍN J. GÓMEZ
CITY LIBRARIAN

June 16, 2010

The Honorable City Council
c/o Office of the City Clerk
City of Los Angeles

Dear Honorable Members:

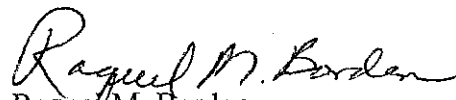
BALLOT MEASURE FOR A CITYWIDE PARCEL TAX TO FUND LIBRARY SERVICES

At its meeting held Wednesday, June 16, 2010, the Board of Library Commissioners adopted Resolution No. 2010-23 (C-18) approving the placement of a ballot measure on the November 2, 2010 State General Election for an annual Citywide Library Parcel Tax to maintain and restore Library services and to reduce dependency on the City's General Fund.

If approved by the voters, the tax on each parcel of real property shall be approximately \$3.25 per month (\$39 annual), which would result in revenue of approximately \$30 million per year. Subject to City Council approval, the tax would be adjusted annually by no more than the Consumer Price Index; and include a "sunset clause" that would require voter approval in order to be reviewed after a defined time period; and would include a citizen's advisory oversight board to ensure public accountability.

Your support on this matter would be greatly appreciated by the Board.

Sincerely,


Raquel M. Borden
Board Executive Assistant

2010 JUN 21 AM 9:38
CITY ADMINISTRATIVE OFFICER

Encl: Resolution No. 2010-23 (C-18)
Staff Report dated June 16, 2010

- cc: Honorable Tom LaBonge, Chairperson
Arts, Parks, Health & Aging Committee
- Honorable Bernard Parks, Chairperson
Budget & Finance Committee
- Honorable Eric Garcetti, Chairperson
Rules & Election Committee
- ✓ Jacqueline Wagner, Analyst, CAO
- Martín Gómez, City Librarian



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RAQUEL M. BORDEN
BOARD EXECUTIVE ASSISTANT

June 16, 2010

The Honorable Antonio Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
Attn: Pamela Finley, Legislative Coordinator

Dear Mayor Villaraigosa:

BALLOT MEASURE FOR A CITYWIDE PARCEL TAX TO FUND LIBRARY SERVICES

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Your support on this matter would be greatly appreciated by the Board.

Sincerely,

Raquel M. Borden
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Board Executive Assistant

Encl: Resolution No. 2010-23 (C-18)
Staff Report dated June 16, 2010

cc: Honorable Tom LaBonge, Chairperson
Arts, Parks, Health & Aging Committee
✓ Jacqueline Wagner, Analyst, CAO
Martín Gómez, City Librarian



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CALIFORNIA



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MARTÍN J. GÓMEZ
CITY LIBRARIAN

June 16, 2010

LIBRARY RESOLUTION NO. 2010-23 (C-18)

RESOLVED that the Board of Library Commissioners approve the placement of a ballot measure on the November 2, 2010 State General Election for an annual Citywide Library Parcel Tax for a defined period of time to expand Library hours of operation; expand collections, and strengthen library capacity to service children, students, and families; and to reduce its dependency on the City's General Fund; and

FURTHER RESOLVED that the Board of Library Commissioners instruct staff to transmit this request to the Mayor and City Council for consideration and approval.

This is a true copy:

Raquel M. Borden
Raquel M. Borden
Board Executive Assistant

Adopted by the following votes:

- AYES: Chick
Hirano-Nakanishi
Singer
Walters
- NOES: None
- ABSENT: Wieder




LIBRARY DEPARTMENT

BOARD REPORT

June 16, 2010

TO: Board of Library Commissioners

FROM: Martín Gómez, City Librarian 

SUBJECT: APPROVAL OF A BALLOT MEASURE FOR A CITYWIDE PARCEL TAX TO FUND LIBRARY SERVICES

RECOMMENDATIONS

THAT The Board of Library Commissioners adopt the following resolutions:

RESOLVED, That the Board of Library Commissioners approve the placement of a ballot measure on the November 2, 2010 State General Election for an annual Citywide Library Parcel Tax for a defined period of time to expand Library hours of operation; expand collections, and strengthen library capacity to serve children, students and families; and to reduce its dependency on the City's General Fund; and

FURTHER RESOLVED, That the Board of Library Commissioners instruct staff to transmit this request to the Mayor and City Council for consideration and approval.

FINDINGS

1. Currently, City Charter Section 531 provides that a sum be appropriated annually for the financial support of the Library Department in an amount not less than 7 cents on each 100 dollars of assessed value of all real and personal property within the City as assessed for City taxes. Seven cents is equal to .0175 percent of market value.
2. The Charter-required appropriation from the General Fund has proven to be insufficient to maintain or increase current service levels to meet the demand at all branches and Central Library. The Library Department's Budget for FY 2010-11 includes funding of \$22 million to reimburse the General Fund for utilities and employees benefits. In addition, the budget reduces the position count by 328 full-time equivalent positions to 828 positions (a 28% reduction).
3. The City Administrative Officer is projecting that the City's deficit could reach \$318.5 million in FY 2011-12. A deficit of this size will likely result in further cuts in Library service.

4. California state law allows voters to approve a special parcel tax on property, the proceeds of which would be placed in a trust fund, to be used exclusively for a designated purpose.
5. During May 2010, the firm of FM3 conducted a poll of likely voters in the 2010 November State General Election to determine voter support for a library parcel tax. The poll revealed that 68% of likely voters will or probably will vote yes on the measure.
6. A two-thirds majority vote (66 2/3%) of the electorate is required in order for the special parcel tax to pass.
7. The Library recommends placing a ballot measure on the November 2, 2010 State General Election to allow City property owners to vote on a parcel tax in order to maintain and restore Library services and to reduce its dependency on the City's General Fund.
8. *The tax on each parcel of real property shall be approximately \$3.25 per month (\$39 annual), which would result in additional revenue of approximately \$30 million per year.* Subject to City Council approval, the tax would be adjusted annually by no more than the Consumer Price Index; and include a "sunset clause" that would require voter approval in order to be reviewed after a defined time period; and include citizen's advisory oversight board to ensure public accountability.
9. The purpose of this special tax is to generate funds specifically earmarked for use by the Los Angeles Public Library to provide six-day service, reading incentive programs, after school homework centers, new books and other library materials. A Special Tax Fund would need to be created for the purpose of depositing the funds received. These funds would not be subject to reversion to the Reserve Fund and all interest earnings generated by funds on deposit in the special fund shall remain in the special fund. Any unencumbered monies may be used in a succeeding fiscal year.
10. The following entities would be exempt from paying the tax: federal government, state government, any state agency, or any local government agency. The tax would also not be levied against any parcel of property owned or used by an organization designated as a 501(c), (501(d), or 401(a) of Title 26 of the United States Code.
11. If approved, the County of Los Angeles would collect payments through an annual assessment on all property tax bills. The tax would be due in two equal installments and would be included in the property tax bills due November 1 and February 1 in each fiscal year.

12. Local cities such as Pasadena, Monrovia, South Pasadena and San Francisco have successfully passed library parcel taxes in the last few years. The following library parcel tax ballot measures were approved on June 8, 2010:

Marin County Free Library	\$49/year	74% Approval
North County (Santa Clara) Libraries	\$76/year	76.5% Approval
San Anselmo Library	\$49/year	74.4% Approval
San Rafael Library	\$49/year	69% Approval

Prepared by: Kyle Millager, Business Manager

Reviewed by: Kris Morita, Assistant General Manager

LIBRARY DEPARTMENT

Charter-Mandated Appropriation and General Fund Assistance

Article V, Section 531 entitled "Financial Support" states:

(a) For the financial support of the Library Department, there shall be appropriated an annual sum of not less than 0.0175% of assessed value of all property in the City as assessed for City taxes.

(b) Additional appropriations may be made from the General Fund.

(c) All money derived from (a) and (b) plus sums received by the Library Department from fines, sales, gifts or otherwise in connection with the operation of the library, shall be placed to the credit of the Library Department in a fund to be known as the Library Fund.

- The Charter-mandated appropriation to Library, although based on assessed valuation for property taxes, is not funded directly by property taxes but rather from unrestricted General Fund revenues;
- Unrestricted General Fund revenues include but are not limited to property taxes.
- In previous budget years and to the extent that funds have been available, the Mayor and Council have provided additional appropriations from the General Fund to the Library Fund.

For 2010-11 based on the 2009 Assessed Valuation prepared by the County Assessor the appropriation for 2010-11 is \$75,902,051, an increase of .58 percent over the 2009-10 appropriation of \$75,463,926.

- The total projected Library revenue and operating budget for 2010-11 is \$82,808,051 including departmental revenue of \$6,906,000.
- The total projected Library budget for 2010-11 is \$131,732,200 and includes \$48,924,149 for related costs from unrestricted general fund monies.

The table below reflects the Library Adopted Budget information and projected departmental revenue amounts for 2010-11.

	2009-10	Proposed 2010-11
Charter Mandated Appropriation (CRM)	\$ 75,463,926	\$ 75,902,051
Additional GF Appropriation	\$ -	\$ -
Total Appropriation	\$ 75,463,926	\$ 75,902,051
Departmental Revenue	\$ 7,051,000	\$ 6,906,000
Total Department Operating Budget	\$ 82,514,926	\$ 82,808,051
Library Related Costs	\$ 52,115,617	\$ 48,924,149
TOTAL LIBRARY BUDGET	\$ 134,630,543	\$ 131,732,200
FY to FY CRM Percentage Change	7.62%	0.58%

JUNE LAGMAY
CITY CLERK

KAREN E. KALFAYAN
EXECUTIVE OFFICER

HOLLY L. WOLCOTT
EXECUTIVE OFFICER

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

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CITY CLERK
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LOS ANGELES, CA 90012
(213) 978-1020
FAX (213) 978-1027

*2011 = even numbered
CD's
and
odd LAGSD +
LACC*

September 15, 2009

Honorable Members of the City Council
200 N. Spring Street
Los Angeles, CA 90012

Re: Cost estimate to include City ballot measures on the 2010 Primary or General Election

Honorable Members:

In 2010, the Los Angeles County Registrar-Recorder will administer the State Primary Election on June 8, 2010 and the State General Election on November 2, 2010.

For your information, the estimated cost for the City of Los Angeles to add **one** ballot measure to the County's 2010 Primary or General election would be \$4.2 million. Of this amount, \$3.6 million would be paid to the County and \$600,000 would need to be allocated to the Office of the City Clerk-Election Division to print and distribute the Voter Information Pamphlet (VIP).

If the City were to add **two** ballot measures, the estimated cost total would be \$4.5 million. To add **three** ballot measures, the estimated cost would be \$4.7 million.

These are estimated costs only. Actual costs will be determined after the election. Factors that impact costs are the number of jurisdictions, races, precincts, supplies, and other election costs.

If you have any questions regarding this report, please feel free contact me directly at (213) 978-1020.

Sincerely,

June Lagmay
June Lagmay
City Clerk

cc: Honorable Antonio R. Villaraigosa, Mayor
Honorable Carmen Trutanich, City Attorney
Honorable Wendy Greuel, Controller
Miguel Santana, City Administrative Officer
Gerry Miller, Chief Legislative Analyst

EXE-048-09

