

**Town of San Anselmo Library
Staff Report
January 16, 2014**

For January 28, 2014 Meeting

To: San Anselmo Town Council
From: Linda Kenton, Town Librarian
Subject: Library Parcel Tax Renewal

Recommendation

That the Town Council provide direction to staff on how to proceed with the Library Parcel Tax renewal.

Background

On June 8, 2010, the voters of San Anselmo passed Measure B (Attachment 1) with 75.8% majority of the vote, establishing a \$49.00 Library Parcel Tax. The ballot initiative, prepared by Library supporters, called for the Town to increase San Anselmo Library open hours, improve children's services at the library including hiring a special children's Librarian, and enhance general Library services. The tax was slated to last five years, expiring in June 2015. Three Marin library jurisdictions sought support from their respective voters in June 2010. The San Anselmo Public Library joined the Marin County Free Library and the San Rafael Public Library by each asking for a \$49.00 parcel tax. San Anselmo and the County asked for a five year tax while San Rafael asked for seven years. All measures passed with San Anselmo by 75.8%, Marin County Free Library by 74.8% and San Rafael Public Library by 70.2%.

The Town Council established the Library Parcel Tax Oversight Committee in November 2010 to ensure accountability and transparency for these funds. The committee has reported to the Town Council each year that the tax funds are being spent according to the ballot language and the will of the people.

Discussion

In anticipation of the June 2015 expiration, my colleague at Marin County Free Library and I consulted about how each jurisdiction was approaching the renewal. We agreed it is prudent to seek the voters' support for a renewal well before the expiration. That could put the Library parcel tax renewal on the November 2014 ballot. The County Library is planning to seek a renewal on the June 2014 ballot due to the expected heft of the November ballot and the presumed expectation that it could negatively impact a library renewal. The County Library has

decided to seek a nine year tax starting with \$49.00 and increasing each year according to the CPI which has averaged 1.5-2% in the previous two years. By going to the voters in June, San Anselmo would benefit from the momentum created by the two library jurisdictions seeking renewal together.

Given the increased costs of employees and materials, both jurisdictions have explored the possibility of increasing the dollar amount of the tax and increasing the length of the parcel tax time frame. The County hired a consultant who conducted a survey which showed that County residents would support a renewal between seven to nine years (76%), and would support a cost of living increase each year built into the parcel tax (68% approval).

A small group of San Anselmo Library supporters has been meeting to discuss the Library tax renewal. Input from the San Anselmo community has been solicited. The consensus of the group is to ask the Town Council to put the renewal on the ballot, rather than proceed with another initiative.

Analysis

The library tax renewal would maintain the gains made by the 2010 Library Parcel Tax. Almost since the beginning of the passage of the library tax, there has been conversation and concern among library supporters about its renewal. Extending the duration of the tax from five to seven years would help address this issue. However, it also means that the dollar amount must be sufficient to cover future costs.

It may be prudent at this time to raise the parcel tax amount because the purchasing power of \$49.00 will be considerably less in five to seven years. Cost of materials, services, programs and staff will continue to rise and \$49.00 will buy less as time elapses.

The Library has strong purchasing power as part of the MARINet Consortium. We have been able to acquire eBooks, eMagazines, Link+ (the statewide materials sharing service) and other important sources of information, but these are ongoing costs. In addition, we continue to consider new products/services and purchase those that are best and fit with our community.

Two regular and a number of extra-hire employees were hired as a result of the parcel tax and are paid from the Library tax fund. These employees support the extra open hours and the expanded children's program enacted after the passage of the tax as well as enhanced services for adults. Given that the Library is a service organization, it is to be expected that a significant portion of the budget is spent on employee costs.

Fiscal Impact

It is recommended that the tax amount be increased and levied for seven instead of five years.

There are 4719 parcels in San Anselmo. The current Library Parcel Tax should collect about \$231,000.00, but due to exemptions, \$220,000.00 is actually received. This revenue is budgeted and spent in its entirety to fulfill the intent of the ballot measure.

There are three alternatives for increasing the tax amount for your consideration.

Alternative 1:

Increase the tax to \$54.00, with a 3% cost of living increase each year, to provide approximately \$254,000.00 in the first year and end with \$304,000.00 to continue to improve services to the community and to cover increased costs. This is the option endorsed by the community group working on the tax renewal and by the Friends of the Library.

**Proposed Parcel
Tax Assessment
7-Year Parcel Tax with 3.00% annual percentage increase**

	Tax	COLA	Revenue
Year 1: 2015-16	\$54.00		\$254,826
Year 2: 2016-17	\$55.62	3.00%	\$262,471
Year 3: 2017-18	\$57.29	3.00%	\$270,345
Year 4: 2018-19	\$59.01	3.00%	\$278,455
Year 5: 2019-20	\$60.78	3.00%	\$286,809
Year 6: 2020-21	\$62.60	3.00%	\$295,413
Year 7: 2021-22	\$64.48	3.00%	\$304,276

Alternative 2:

Increase the tax to \$54.00, with no increase for the seven-year life of the tax. This would yield \$254,826.00 annually and emulates the original parcel tax.

Alternative 3:

Mirror the Marin County Free Library plan, as it is understood today, and continue a \$49.00 tax, increasing annually according to the CPI, which has averaged 1.5-2.0% for the previous two years and is slated at 0.5-2.0% this year. In this scenario the San Anselmo Library base tax would be raised to \$54.00 for seven years and would bring \$254,826.00 and would go up each year by the CPI.

The special Library parcel tax requires that the tax funding augment, not displace, funding provided by the Town. To that end, the ordinance requires that the tax continues to be levied only if the Town funding of the Library remains above 90% of the amount budgeted for 2008-09 (\$420,000.000). That figure was arrived at by taking the 2008-09 Library budget (\$536,509) and subtracting the budgeted donations from the Friends of the Library (\$67,215), budgeted State Library funding (\$24,853) and budgeted library fines (\$20,150). 90% of \$420,000 is \$378,000.

This is proposed to continue in the ballot measure, but with budget figures for 2012-13 (\$545,685.00). Subtracting the budgeted donations from the Friends of the Library (\$14,426), Library fundraising (\$600), Library grant (\$3450), and Library fines (\$27,470) amounts to \$499,739. 90% of \$499,739 is \$449, 765. There was no state funding during this time period.

Process

The timeline for a June 2014 election means the Town must submit the resolution and draft ordinance to the County by Tuesday, March 4, 2014. The Council would therefore need to consider a resolution and draft ordinance at the February 11 or 25 meeting.

Conclusion

The need to renew the Library Parcel Tax is clear. The improved services and programs available at the library meet and exceed the expectations and intent of the San Anselmo community. Providing for a seven year tax enables the library and its' supporters to focus on the library and not on the almost immediate need to plan for a renewal.

The fact that buying power decreases over time is also clear. Therefore, in order to maintain the increased open hours, improved children's services, including a special Children's Librarian and general enhanced services, it is necessary to raise the parcel tax amount.

Respectfully Submitted,

Linda Kenton
Town Librarian

Attachment 1

Town of San Anselmo Special Library Services Tax Measure

Ballot Language:

Measure B: In order to increase San Anselmo Library open hours, improve children's services at the Library including hiring a special children's librarian, and enhance general Library services, shall an ordinance be adopted approving a Special Library Services Tax of \$49.00 per year per real estate parcel located in the Town of San Anselmo, for a period of (5) five years, to be used to augment the money from the Town of San Anselmo's General Fund currently used to fund library services in San Anselmo?

Chapter 7 Special Library Services Tax Law

8-7.01 Title.

This chapter shall be known as the "Special Library Services Tax Law of the Town of San Anselmo".

(Ord. No. 1075, § 1, 7-13-2010)

8-7.02 Necessity, authority, and purpose.

The voters of San Anselmo hereby determine that the cost to maintain adequate library operating hours, staff and general services, and children's services for the residents of the Town of San Anselmo exceeds the amount of funds and revenues provided by the Town and generated from all other sources. The voters further determine that the levy of a special library services tax of Forty-nine and no/100ths (\$49.00) Dollars on each real estate parcel located in the Town of San Anselmo for a period of five (5) years, when added to all other current library funding and revenues, would be sufficient to maintain an adequate level of library services. Accordingly, a tax is imposed by this chapter pursuant to Section 37100.5 of the Government Code of the State of California.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.03 Tax imposed.

A special library services tax in the amount of Forty-nine and no/100ths (\$49.00) Dollars per year per parcel is hereby imposed effective July 1, 2010, and levied annually on each real estate parcel located in the Town of San Anselmo for a five-year period through and including June 30, 2015.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.04 Impact of Town funding of the library on the tax.

The express purpose of this tax is to augment funding currently provided by the Town of San Anselmo, and not to supplant or replace such funding. Therefore if, during the term of the tax set forth in Section 8-7.03, the Town should determine that conditions warrant a reduction in its annual funding of the library, the tax will continue to be levied only if Town funding of the library remains above ninety (90%) percent of the amount budgeted for 2008-2009, which is Four Hundred Twenty Thousand and no/100ths (\$420,000.00) Dollars. If the Town Council adopts a budget that reduces funding below that amount, this chapter will immediately become invalidated in its entirety and the tax will no longer be levied.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.05 Inviolability of tax revenue.

Revenue to the library provided by this special library services tax may not under any circumstances be subject to appropriation to any purpose other than annual funding of the library.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.06 Increase of appropriations limit.

Constitution Article XIIIB, the appropriations limit for the Town of San Anselmo, will be increased one (1) times the aggregate sum authorized to be levied as a special tax in each of the years covered by this chapter.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.07 Use of County records.

The records of the Marin County Assessor as of March 1st of each year may be used to determine the actual use of each parcel of real property for the purposes of determining the tax imposed by this chapter.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.08 Personal liability.

The tax levied and imposed by this chapter shall be collected by the Marin County Tax Collector at the same time as, and along with, the property taxes collected by the Marin County Tax Collector. However, the tax shall not become a tax lien on the property against whose owner the tax is assessed. The owner of the property shall be personally liable for nonpayment of the tax.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.09 Deposit and use of funds from special library services tax.

All proceeds from the taxes imposed and levied by this chapter shall be paid into the "Special Library Services Tax Account" to be used exclusively for increasing San Anselmo

Library open hours, improving children's services at the library including hiring a special children's librarian, and enhancement of general library services.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.10 Partial invalidity.

If any section, subsection, sentence, phrase, or clause of this chapter is for any reason held by any court to be invalid, such invalidity shall not affect the remaining portions of this chapter. The voters hereby declare that they would have adopted this chapter, and each section, subsection, sentence, phrase, or clause thereof, irrespective of whether any one (1) or more sections, subsections, sentences, phrases, or clauses be declared for any reason invalid.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.11 Rebates/tax equity board.

The Tax Equity Board established by resolution of the Town Council shall receive and act upon applications for full or partial rebates for persons claiming inability to pay the tax provided for in this chapter. (§1, Ord. 845, eff. August 9, 1983)

(Ord. No. 1075, § 1, 7-13-2010)

8-7.12 Exemptions.

Improved property used exclusively for educational, scientific, charitable, or religious purposes owned and operated by institutions, foundations, or corporations organized and operated for educational, hospital, scientific, charitable, or religious purposes shall be granted an exemption to the tax imposed by this chapter on proof that any such organization has first qualified as an exempt organization under subsection (c) of Section 23701 of the Revenue and Taxation Code of the State of California, and subsection (3) of subsection (c) of Section 501 of the United States Internal Revenue Code of 1954.

(Ord. No. 1075, § 1, 7-13-2010)

8-7.13 Penalty for disclosure of information on applications for rebate of special library services tax.

Any person disclosing the name of any person and any financial information obtained from an application for a rebate of a special library services tax shall be guilty of an infraction.

(Ord. No. 1075, § 1, 7-13-2010)