San Mateo County Libraries

Agenda Item VI.

To:	JPA Governing Board
From:	Anne-Marie Despain, Director of Library Services Danae Ramirez, Interim Deputy Director of Library Services
Date:	September 15, 2020
Meeting:	September 21, 2020
Re:	Approval of Agreement Regarding the Advancement of Funds from the Library JPA to the Town of Atherton

Background

Construction is currently underway on the new 11,180 square foot Atherton Library and Historic Town Hall. The estimated library construction cost is $18,823,644 and the project should be completed in late 2021.

On September 17, 2018, the JPA Governing Board approved the Town of Atherton's request to advance library funds and directed staff to negotiate a funding agreement with the Town of Atherton to ensure the timely completion of the new Atherton Library project.

Discussion

The Town of Atherton is relying on Atherton Library Trust Funds as the primary funding source for the new library. The Library JPA Agreement states, "in the event that the allocated library service revenue for a member city exceeds the amount required to maintain the minimum library service for that member, such excess funds shall, after deduction of any activities approved by the Governing Board for library related expenditures within that member city, be restricted and held by the JPA for library related expenditures within that city including but are not limited to, facility maintenance, facility remodeling or expansion, increased service hours, or increased material and equipment purchases, as mutually agreed by the Library JPA and the city council of that member city."

In accordance with this provision, excess funds are distributed and held in separate trust funds. As approved by the Governing Board, a total of $11,961,552 has been distributed to the Town of Atherton. On March 12, 2020, San Mateo County Libraries transferred $8,045,604 to the Town of Atherton, and on August 19, 2020 the remaining balance of $3,915,948 was transferred to the Town.

The Town of Atherton has requested an advancement of $5,391,725 to cover the remaining balance and construction contingency. Furniture, Fixtures and Equipment (FFE) as well as other library responsibilities will be paid for directly by the Library JPA.

The attached proposed Agreement Regarding the Advancement of Funds from the Library JPA to the Town of Atherton has been developed and reviewed by Library JPA and Town of Atherton attorneys.

The Agreement details how the Library JPA will, in order to be reimbursed, retain any excess funds that it would otherwise restrict and distribute at the end of each fiscal year to the Atherton Library Trust. Based on current annual estimates of $1,600,000 excess funds, full reimbursement is expected by FY 2024-25, with the understanding that actual dollar amounts may vary, based on changes in annual property tax revenue and/or changes in operational costs of the Atherton Library, in which case the reimbursement period could change.

Fiscal Impact

The $5,391,725 advancement includes $1,600,000 in anticipated FY 2020-21 Atherton Excess Funds and an additional $3,791,725 in one-time dollars that are included in the proposed FY 2020-21 Adopted Budget.

Recommendation

Recommend JPA Governing Board approve the Agreement Regarding the Advancement of Funds from the Library JPA to the Town of Atherton. Operations Committee members present at the September 15, 2020 meeting concurred with this recommendation.

Attachments

Agreement Regarding the Advancement of Funds from the Library JPA to the Town of Atherton

Town of Atherton Request of Advancement of Atherton Library Trust Funds

AGREEMENT REGARDING THE ADVANCEMENT OF FUNDS FROM THE LIBRARY JPA TO THE TOWN OF ATHERTON

WHEREAS the Town of Atherton is a party to the Second Amended Joint Powers Agreement Between the County of San Mateo and the Cities of Atherton, Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley, San Carlos, and Woodside Relating to Library Services dated December 2018 (hereinafter "Second Amended Joint Powers Agreement") and was a party to preceding versions of said Agreement;

WHEREAS, in past years, the allocated library service revenue for the Town of Atherton has exceeded the amount required to maintain the minimum library service for the Town of Atherton, requiring the Library Joint Powers Authority (hereinafter "Library JPA") referred to in Section I.A. of the Second Amended Joint Powers Agreement to restrict library funds (hereinafter "Excess Funds"), as provided in Section VI.D.1. of the Second Amended Joint Powers Agreement, for library-related activities within the Town of Atherton including but not limited to facility maintenance, facility remodeling or expansion, increased service hours, or increased material and equipment purchases, as mutually agreed by the Library JPA and the council for the Town of Atherton; and

WHEREAS the Town of Atherton awarded to S.J. Amoroso ("Contractor"), in 2019, a contract for the construction of a new public library (the "Project"); and

WHEREAS, as of September 1, 2020, the anticipated construction and site improvement costs for the Project was $18,436,000, the estimated cost of construction management, design, oversight for the Project was $300,174, and the cost for temporary trailer rental for the Project was $87,470, for a "Total Estimated Cost" of $18,823,644; and

WHEREAS, the amount of Town of Atherton funds held for constructions payments as of June 30, 2019, was $3,313,967; and

WHEREAS, as of June 30, 2018, $8,045,604 in Excess Funds was held by the Library JPA for the Town of Atherton, and this amount was transferred to the Town of Atherton for the Project in March 2020; and

WHEREAS, as of July 31, 2020, an additional $3,915,948 in Excess Funds was held by the Library JPA for the Town of Atherton, and this amount was transferred to the Town of Atherton for the Project in August 2020; and

WHEREAS, if the foregoing funds available to the Town of Atherton for the Project are deducted from the Total Estimated Cost of the Project, a remainder of $3,548,125 is needed for the construction phase of the Project; and

WHEREAS, the construction contingency amount is $1,843,600, representing ten percent of the estimated construction and site improvement costs; and

WHEREAS, the sum of the $3,548,125 that is needed for the construction phase of the Project and the construction contingency amount of $1,843,600 is $5,391,725; and

WHEREAS, $5,391,725 is thus the "Advancement Amount" that the Town of Atherton is requesting as an advance from the Library JPA at this time for Project payments; and

WHEREAS, the Town of Atherton represents and warrants that it will use any and all funds advanced by the Library JPA under this Agreement solely for library-related expenditures within the Town of Atherton; andNOW, THEREFORE, the Town of Atherton and the Library JPA hereby agree as follows:

1. **Advancement of Funds**. The Library JPA authorizes the advancement of $5,391,725, in Fiscal Year 2020-21 to the Town of Atherton for its payments to Contractor for the Project.

2. **Reimbursement of Advanced Funds**. Following the aforementioned advancement, the Library JPA will, in order to be reimbursed, retain any Excess Funds that it would otherwise restrict and hold for library-related purpose for the Atherton Library pursuant to Section VI.D. of the Second Amended Joint Powers Agreement, until the amount of Excess Funds retained by the Library JPA equals the Advancement Amount. The Governing Board approves, by entering this Agreement, the Project as an activity for library-related expenditures within the Town of Atherton under Section VI.D.2 of the Second Amended Joint Powers Agreement.

At the end of each fiscal year, the amount of Excess Funds, if any, will be determined in accordance with Section VI.D.1. of the Second Amended Joint Powers Agreement. Any activities approved by the Government Board for library-related expenditures within the Town of Atherton will then be deducted from the Excess Funds in accordance with Section VI.D.1. of the Second Amended Joint Powers Agreement. Any remaining balance of Excess Funds will be retained by the Library JPA for reimbursement, until the total amount retained by the JPA over the course of repayment period equals the Advancement Amount, after which any remaining funds will be evenly split, with the Library JPA retaining half and the remaining half accumulating as Excess Funds held by the Library JPA for library-related activities in the Town of Atherton in accordance with Section VI.D.2. of the Second Amended Joint Powers Agreement (assuming the advance is not repaid until after the Project has been completed and the new library has opened, as provided therein).

3. **Repayment Due in the Event of Withdrawal**. In the event that the Town of Atherton elects to withdraw from the Second Amended Joint Powers Agreement (see Section E of the Second Joint Powers Agreement), the Town of Atherton agrees to pay the Library JPA the Advancement Amount, less any amount of Excess Funds retained by the Library JPA for reimbursement as provided above, no later than the effective date of the withdrawal, in addition to the sum of $26,959 (.5% of advancement) as partial reimbursement for expenses incurred by the Library JPA for the administration of this Agreement.

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have affixed their hands on the dates indicated below.

Dated: _____ TOWN OF ATHERTON

ATTEST:

_____
Clerk of the Town Council

Dated: _____ LIBRARY JPA

ATTEST:

_____
Chair of the Governing Board

Town of Atherton
150 Watkins Ave.
Atherton, California 94027
Phone: (650) 752-0500
Fax: (650) 688-6528

September 1, 2020

Anne-Marie Despain, Director of Library Services
San Mateo County Libraries
125 Lessingia Court
San Mateo, California 94402

Request of SMCL Advancement of Atherton Library Trust Funds $5,391,725
The Town of Atherton is requesting advancement of its share of SMCL Library Trust funds. These funds are required for the Construction of the new Atherton Library. The total cost of construction of the Atherton Civic Center project is $47,077,000. Of this amount, $18,436,000 is exclusively attributed to Construction and does not include construction Contingency of the Library project or Furniture, Fixtures and Equipment (FF&E). In addition to construction costs, the Library project consists of other related costs that include design and construction phase management oversight, interim building rental, and current project change orders.

With respect to construction phase of the New Library project, the known estimated costs attributed to the Atherton Library is as follows:

Library Costs	Amount
Construction & Site Improvements (SJ AMOROSO)	$18,436,000
Construction management, design, oversight	$300,174
Temporary Trailers rent	$87,470
Total Estimated Library Construction Cost	**$18,823,644**
Town Funds as of 6/30/19 Held for Construction payments	($3,313,967)
SMCL Excess Funds Held by SMCL Atherton Trust as of 6/30/18 dispersed March 2020	($8,045,604)
SMCL Excess Funds Held by SMCL Atherton Trust as of 7/31/20 dispersed August 2020	($3,915,948)
Remaining Funds Needed (Construction Phase Only)	**$3,548,125**
Construction Contingency 10%	$1,843,600
FF&E Not Included	
Advancement Request of Funds needed	**$5,391,725**

There is a ten percent contingency of $1,843,600 that is factored in the project. Also, once the project is completed, the estimated FF&E is $1,037,443.

Thank you for your time and help. The Town is excited about this important milestone of a new Atherton Library. Please let me know if you have any questions.

Kind Regards,

Robert Barron III
Finance Director