



City of Santa Barbara

Office of the Mayor

SantaBarbaraCA.gov

CMurillo@SantaBarbaraCA.gov

May 17, 2018

Cathy Murillo
Mayor

Dear Chair Williams and Members of the Board of Supervisors,

City Hall
735 Anacapa Street
Santa Barbara, CA
93101-1990

I am writing on behalf of the City of Santa Barbara about the Board's April 3rd action related to library funding and the unintended consequences that have occurred as a result. You recently received a letter from City Administrator Paul Casey (attached) which provides the detail related to the effect on the zone 1 branches. I am writing to update you on the actions taken by the City Council on May 15th in response.

Mailing Address:
PO Box 1990
Santa Barbara, CA
93102-1990

The City Council was disappointed in the Boards' actions, especially after the City of Santa Barbara agreed last year to delay full cost recovery for another year at the request of the County and branch cities who objected that our attempt to move towards full cost recovery was done in too short of a time frame. To further widen the gap in our subsidy of county branches by capping our fees to manage them is unacceptable.

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Limiting the administrative fees does not erase the costs borne by the City of Santa Barbara associated with the management of the 4 remaining county branches in zone 1. We manage the branches on behalf of the County, but it is your responsibility to make us whole for the costs associated with the management of the county branches, not the taxpayers of the City of Santa Barbara.

Since the City Council meeting, it is our understanding from County staff that this item may be reconsidered by the Board on June 5th. Our recommendation would be for the Board to do another year of status quo funding thereby eliminating the cap on fees and giving back to the zone administrators the 5 percent off of the County per capita that was redirected to the LAC. In exchange I believe the City Council would keep the administrative fee at 13.5 percent on each branch budget for another year through the end of FY19.

The City of Santa Barbara believes in high quality programs and services for all libraries and recognizes that a long term funding solution must be found by the County for the branches to survive and thrive into the future. This is unlikely to happen in the few weeks left prior to everyone's budget adoption. We urge you to keep the library budgets status quo for FY19 and continue your analysis of how to fund the County branches going forward.

Sincerely,

A handwritten signature in blue ink that reads "Cathy Murillo".

Cathy Murillo
Mayor



Please consider the environment before printing this letter.



City of Santa Barbara

City Administrator's Office

www.SantaBarbaraCA.gov

May 10, 2018

Dear Chair Williams and Members of the Board of Supervisors,

At your April 3, 2018 Board of Supervisors meeting, the Board voted on changes to the structure of the County Library system. I am writing to make you aware of the unintended consequences of this vote to Zone 1 libraries and how these actions and changes will negatively impact library services in Zone 1.

REDUCTION IN COUNTY PER CAPITA

Zone 4 Reduction

The decision to approve the new zone 4 with the population figures as presented by the consultants will reduce the available unincorporated population to distribute to the County branches. The population figures used in the presentation were not consistent with what the County or State have used to certify population numbers. Using an inflated population results in a reduction in per capita revenue to each of the County branches who are in desperate need of these dollars. On behalf of the branch libraries, we wanted to inform you that this action will have a negative impact on the branch libraries, and encourage you to consider a more fair distribution of these dollars to the Montecito, Carpinteria, Buellton and Solvang branches in zone 1.

5 Percent Reduction

Additionally, the decision to further reduce the per capita allocation by taking 5 percent off of the total County library budget for distribution by the Library Advisory Committee (LAC) essentially reduced all of the library branch budgets countywide including zone 1. Total reductions in zone 1 due to the County per capita reduction are as follows:

Buellton:	\$6,592
Solvang:	\$6,592
Montecito:	\$6,765
Carpinteria:	\$8,456
Central/Eastside	\$41,816

LIMITATION ON OVERHEAD BY MANAGING CITIES

The City of Santa Barbara manages zone 1 on behalf of the County. The decision by the Board to cap the administrative fee at 20% of the County Per Capita funding means the City of Santa Barbara will have to increase contributions from our general fund to provide these services to non-city branches, or find some other source of revenue to make up the gap.

While it is clear that the managing cities' administrative/overhead costs are complex, capping the overhead at 20 percent of the County Per Capita will not resolve the funding shortfall of the County branches and creates a new problem for the managing cities. As you may recall, the City of Santa Barbara made a commitment to phase in increases to library administrative



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fees during the FY18 budget process. The City of Santa Barbara agreed to administer County libraries at a reduced negotiated rate of 13.5 percent of each branch's total budget in FY18.

In an effort to minimize budget issues for County libraries during the FY19 budget process, and to wait for the results of the consultant study to be completed, I had presented to the Santa Barbara City Council a budget which holds the administrative fee at a status quo rate of 13.5 percent for an additional year. This level of an administrative fee does not fully represent the true costs to manage County libraries by the City of Santa Barbara, but in the spirit of trying to find a viable funding solution over the coming couple of years, I was proposing to the City Council to phase in the true administrative costs over an additional year.

Instead, the decision by the County Board to cap administrative fees will impact the City of Santa Barbara's budget at a substantively higher level, and impacts our ability to manage County libraries at the level expected by each branch community. Like the County and the services you provide to other governmental entities (public safety, solid waste, elections, etc), our administrative fee for providing the services to the County for libraries is merely trying to recoup the costs of providing those services. The 9 percent administrative fee charged by the City of Santa Barbara going back decades never came close to recouping those costs.

In total, the cap on administrative fees is a \$150,000 revenue loss to the City of Santa Barbara. The City of Santa Barbara is being asked to manage the same operations from this current fiscal year to the next, at half of the administrative fee of the prior year. Essentially, the taxpayers of the City of Santa Barbara are being asked to subsidize the other branch libraries unless an alternative means to close the gap is found. This loss is in addition the \$41,816 loss in per capita funding to the Eastside and Central branches due to the 5 percent reduction off of the top of the county's funding for a total revenue loss to the City of Santa Barbara of nearly \$192,000.

I will be presenting this financial shortfall to the City Council this coming Tuesday, May 15th for their direction about how to move forward. A long term funding solution must be found for the County branches to survive and thrive into the future. However, the suggestion that City of Santa Barbara taxpayers should assume these costs does not seem viable going forward. I sincerely hope that working with the County and other branch cities that we can find an equitable solution.

Sincerely,



Paul Casey
City Administrator

CC: Mona Miyasato, CEO Santa Barbara County Executive Office
George Chapjian, Director of Community Services, Santa Barbara County Office
Santa Barbara Mayor and Councilmembers
Pam Antil, Assistant City Administrator, City of Santa Barbara
Ariel Calonne, City Attorney, City of Santa Barbara
Jessica Cadiente, Library Director, City of Santa Barbara