



CITY OF GLENDALE CALIFORNIA REPORT TO CITY COUNCIL

November 15, 2011

AGENDA ITEM

Community survey to determine feasibility of a Special Tax dedicated to library service.

1) Motion approving a community survey to assess needs and priorities for library service and as a first step in evaluating the feasibility of a ballot measure to support a Special Tax for the Glendale Public Library.

COUNCIL ACTION

Public Hearing [☐] Ordinance [☐] Consent Calendar [☐] Action Item [☒] Report Only [☐]

Approved for November 15, 2011_

ADMINISTRATIVE ACTION

Signature

Submitted

Cynthia Cleary, Director of Libraries.....

Prepared

Cynthia Cleary, Director of Libraries.....

Alyssa Resnick, Library Services Administrator

Approved

James E. Starbird, City Manager

Reviewed

Michael Garcia, City Attorney

Robert Elliot, Director of Finance and Administrative Services.....

RECOMMENDATION

The Glendale Public Library seeks approval from City Council to conduct a community survey as the first step in evaluating the feasibility of a ballot measure dedicating a Special Parcel Tax to support library services.

SUMMARY

Continued budget reductions coupled with an increased demand for library service point to a need to consider alternative sources of funding for Glendale's libraries. It is recommended that Council approve a community survey as the first step in considering the feasibility of a Special Parcel Tax for library service. Public support for libraries is strong as indicated by the recent campaign against closure of the Chevy Chase and Casa Verdugo Branch Libraries. A community survey will not only help further determine community needs and priorities related to library service, but it will also gauge whether recent support can be leveraged to a successful ballot measure.

The closure proposal was made as a budget reduction strategy to maximize service at fewer libraries. While the Council rejected the proposal and all libraries remain open, there is a diminished capacity for service throughout the library system. Over the last four fiscal years the Library's operating budget has been reduced by a total of \$967,751. Additionally, State support has steadily declined over the last decade and the Library is now threatened with loss of approximately \$140,000 in State funding if the "Trigger Bill" (Assembly Bill No. 121) is activated in early 2012. State funding has been relied upon to supplement the Library's book and materials budgets. To date hours have been lost and a variety of programs scaled back. Increasing costs and more reliance on technology have resulted in less capacity to purchase books and other materials.

Additionally, Glendale has not kept pace with its neighboring cities. As a point of comparison the following per capita expenditures for Glendale, Burbank and Pasadena are offered:

Expenditures Per Capita FY 2009-2010

Pasadena - \$80.30 *

Burbank - \$59.02

Glendale - \$39.99

Materials Expenditures Per Capita FY 2009-2010

Pasadena - \$6.50 *

Burbank - \$4.62

Glendale - \$3.09

*Includes Special Parcel Tax revenue.

Upon completion of the survey, the Library will return to Council to present survey findings and for further consideration of a ballot measure in support of a Special Parcel Tax for residential and non-residential properties. The Library estimates that a Special Parcel Tax would offset the nearly \$1 million in losses sustained over the last four years and provide a stable source of funding that would allow for the same high level of library service the community of Glendale has come to expect.

FISCAL IMPACT

Costs for a survey are expected to be from \$18,000 to \$25,000, depending on the methodology, number of interviews, and the length of the survey. The Library will expend interest earned on undesignated donated funds to hire a consultant and conduct the polling survey. Account #: 25300-275-681-51594.

Costs associated with a ballot measure will depend on the type of election. Estimates for placing an item on a ballot range from \$30,000 (for a general municipal election) to \$190,000 (for a stand alone election or

mail ballot). The Library would expend interest earned on undesignated donated funds to pay for election and ballot costs. Account #: 25300-275-681-51594.

BACKGROUND

In 1999 a telephone survey specific to the library was conducted by David Binder Research. The survey randomly polled 400 Glendale households with a primary purpose of determining the use and satisfaction with the library, its programs and its staff. The current survey would focus primarily on priorities for library services now and in the future. Secondly, the survey would gauge a threshold for support through a Special Parcel Tax. Methodology could include telephone and web based surveys.

Thirty Years of California Library Ballot Measures is an in-depth survey and analysis authored by the California State Library of local library ballot measures held in California from 1980 through 2009. The survey was used to evaluate the current state of library taxes in California. This comprehensive report covers 307 library-related ballot measures held in 95 out of 181 library jurisdictions across the state. In California almost 54% of the ballot measures passed, with approval rates increasing slightly over each of the past three decades. General tax measures requiring a simple majority (50% + 1) passed 77% of the time, while Special Tax measures requiring a supermajority (2/3 approval) passed 45% of the time. Ballot measures for facilities only were most successful, while measures seeking funds for both facilities and operations were least successful.

The following is a list as of the most common types of taxes available to libraries for operational expenses and as defined in the State Library survey. All listed taxes, except the Utility Users tax, require a supermajority approval.

Parcel Tax: A parcel tax is generally one form of Special Tax that is applied uniformly on a per-parcel basis and not on an ad-valorem basis (in proportion to property value like property taxes). It is established at a flat rate for each parcel type, e.g. residential or commercial, regardless of size or value of the property, or it may be levied according to some other formula such as acreage of the lot or number of bedrooms. A parcel tax requires two-thirds voter approval.

Special Tax: Generically, a Special Tax is levied for a specific purpose, such as providing library services only. The use of the income from Special Taxes is limited to the specific program for which the tax is levied, and the proceeds must be placed in a separate account from the general fund. A special tax requires two-thirds voter approval.

Transactions and Use Tax: Under state law (Bradley-Burns Uniform Local Sales and Use Tax Law), a city's sales and use tax rate is limited to 1%. However, cities may enact transaction and use taxes above 1%, but not more than 2%. A transaction and use tax is similar to a sales tax insofar as it is taxed on the same type of activity, yet may have a different base to which it applies. Like a sales tax, it is generally applied to the sale of goods and services usually as a percent of the cost of the transaction. The percentage is often described in terms of cents, i.e., a ½ cent sales tax (on every dollar expended). A transaction and use tax must be approved by a two-thirds vote of the City Council and then be put to the voters for approval. If the tax is for general purposes, it requires voter majority approval. If the tax is for a specific purpose, e.g. libraries only, it is a special tax and requires 2/3 voter approval.

General Obligation Bond: A general obligation (G.O.) bond is a debt financing instrument which is used to fund large capital facilities projects. In California, G.O. bonds must be approved by a ballot measure and are for the specific purpose such as to construct a new public library building. The issuance of G.O. bonds are backed by the "full faith and credit" of the funding agency. A general obligation bond requires two-thirds voter approval.

Utility Users Tax: A utility users tax is general tax levied on utility customers (electricity, gas, telephone and cable television). A utility user tax requires voter majority approval. In 2009, Glendale voters approved a revised UUT which lowered the applicable rate but broadened the services to which it applies.

The most commonly used type of taxation for library-related ballot measures in California is the Parcel Tax, which accounts for almost 30% of all measures held in the last 30 years.

Type of Taxation	Percent of All Measures
Parcel Tax	30%
Sales Tax	16%
General Obligation Bond	15%
Special Tax	14%
Utility Users Tax	8%
All Others	17%

While parcel tax measures are the most common, a Utility Users Tax for libraries is the most successful as it is the only measure that requires a simple majority.

Type of Taxation	Number of Measures	Average "Yes" Vote	Average Approval Rate
Utility Users Tax	25	51.9%	68%
General Obligation Bond	47	68%	66%
Parcel Tax	91	64.5%	46%
Sales Tax	49	58.8%	43%
Special Tax	44	58.8%	34%
ALL MEASURES		62.1%	53.7%

Five additional types of taxes or a total of 20 measures were considered over the last thirty year: excise tax (1), benefit assessment (7), transient occupancy tax (5) and business license tax (7).

The data indicates that voters are more inclined to vote for something "concrete" and specific like a specific area of service or new building rather than something more nebulous such as general operations. Voters also seem to respond more positively to improving or expanding service rather than simply maintaining the current level of service. Other successful measures have included restoration of popular services that have been eliminated. Most measures have included varying formulas that guarantee maintenance of effort (MOE) in order to ensure that the revenue is dedicated to the continuation and enhancement of service.

Many libraries in the San Gabriel valley have had success with ballot initiatives. The following list includes cities, within a fifteen-mile radius, that currently have a parcel tax for their library's operations and/or facilities:

Altadena Library District

Parcel Tax for Operations: \$37/parcel (valid through 2014)
 Passed with 77.2% approval
 Tax benefit: \$702,500 (27% of library budget)
 Population: 55,371
 FY2009-2010 Budget: \$2,571,735
 Expenditures Per Capita:
 1 Central Library & 1 Branch Library

Monrovia Public Library

Parcel Tax for Facilities: \$62/parcel
 Passed with 69.5% approval
 Tax benefit: \$15.5M to build a new central library
 Population: 39,984
 FY2009-2010 Budget: \$1,407,098
 1 Central Library

Pasadena Public Library

Parcel Tax for Operations: \$33.77/single family residence/condo unit
 \$22.18/residential unit in a multi-unit building
 \$246.93/parcel of non-residential property

Passed with 80.3% approval

Tax benefit: \$2,360,915 (estimate for FY2011-2012; 19% of library budget)

Population: 151,576

FY2009-2010 Budget: \$12,171,075

1 Central Library & 9 Branch Libraries

South Pasadena Public Library

Parcel Tax for Facilities & Operations: \$24-48/year for single-family homes

Passed with 80% approval

Tax benefit: \$230,000 (13% of library budget)

Population: 25,881

FY2009-2010 Budget: \$1,769,822

1 Central Library

The above taxes are collected twice a year in accordance with the collection procedures of the Los Angeles County tax collector.

If the survey results show support for a Special Parcel Tax, the Library, with approval of the Council, could engage a consultant to manage the public information component and library campaign for a Special Tax, and provide input in preparation of the ballot measure. City staff, on City time, would not be allowed to participate in the outreach or campaign components. A minimum of nine months would be needed to give the tax measure the best chance for success. Further information about campaign strategies can be found in *California Library Referenda: the Determinants and Success and Failure* by Bruce E. Cain.

EXHIBITS

Cain, Bruce E. *California Library Referenda: the Determinants of Success and Failure*. [Berkeley, Calif.]: Institute of Governmental Studies, University of California at Berkeley, 1996, pages 1-16. The full document is available at <http://www.library.ca.gov/lds/docs/CA-LibraryReferenda-Determinants-of-Success-and-Failure.pdf>

Hall, Richard B. *Thirty Years of California Library Ballot Measures (1980-2009)*. Rep. The California State Library, Apr. 2010. Web. 12 Mar. 2010, pages 1-11. The full document is available at <http://www.library.ca.gov/lds/docs/ThirtyYears-of-LibraryBallotMeasures-in-Californiarev2.pdf>