

TO: HONORABLE CITY COUNCIL



FROM: CITY MANAGER

DEPARTMENT: LIBRARY

DATE: DECEMBER 4, 2006

CMR: 429:06

SUBJECT: TRANSMITTAL OF FINAL LIBRARY SERVICE MODEL ANALYSIS AND RECOMMENDATIONS (LSMAR) REPORT AND REQUEST FOR APPROVAL OF STAFF RECOMMENDATION TO UNDERTAKE COMMUNITY POLLING PRIOR TO FINAL DECISIONS ON LIBRARY SERVICE AND FACILITY ENHANCEMENTS

RECOMMENDATIONS

The Library Advisory Commission recommends that the Council:

- 1) Accept the recommendations for enhanced library programs and services as outlined in the attached transmittal to the LSMAR report (Attachment 2 – pp. 6-10).
- 2) Move forward with Group 4 Architecture's Option 3 (combined library and community center) for an enhanced Mitchell Park library recognizing the many advantages and opportunities of a joint use facility. The LAC acknowledges the library program can be accommodated in Option 2 (new stand alone library) but strongly urges the Council to recognize the needs of the community and to plan for the future.
- 3) Expand planned infrastructure improvements for the Main, College Terrace and Downtown libraries to include updates to public and staff spaces in the form of fresh paint, carpeting, better lighting, and sufficient funds be provided for new furniture and shelving.
- 4) Further analyze the needs at Main library for group study space and a program room.

Staff recommends that the Council:

- 1) Accept the final LSMAR report and LAC transmittal document.

- 2) Direct staff to undertake community polling prior to making any final decisions on library service and facility enhancements. The scope of any polling would also include the public safety building.
- 3) Provide preliminary input on the programs and services scaled options and continue this discussion throughout the spring of 2007 as information from the City Auditor's report and community polling becomes available.
- 4) Refer to the City/School Liaison Committee the recommendations outlined in the LSMAR for further analysis of partnership opportunities.

BACKGROUND

In December 2004, the City Council directed the Library Advisory Commission (LAC) to "recommend a strategy for creating a full-service library at the existing or another site; a strategy to include maintaining neighborhood facilities and distributed services; to maintain collection services; and to ... recommend a redefinition of branch services." Since that time, the LAC and staff have worked to develop this strategy, now called the "Library Service Model Analysis and Recommendations (LSMAR)."

The LAC presented a draft of the LSMAR report and recommendations to the Council on May 15, 2006.

The Council conceptually approved these key concepts in the draft report:

- Maintain all current library locations;
- Expand and/or improve access to services and collections and seek technological and other efficiencies; and
- Upgrade Mitchell Park library services from branch library resource levels without downgrading the Main library.

The Council stated that existing General Fund revenues committed to library services would not grow (other than inflation) to cover any library improvements, but rather, the additional required funding for non-capital and operating costs should come from a parcel tax or another non-General Fund source.

Given these principles, the Council directed the LAC and staff to:

- Determine methods to reduce operating costs;
- Determine how big Mitchell Park library would need to be;
- Determine facilities growth requirements (if any) at other libraries;
- Be explicit about service levels at Main assuming that Main library will continue to serve adults, teens and children;
- Maintain 4th and 5th grade services at Children's library;
- Prepare preliminary cost models/projections/estimates for capital and staffing needs;
- Develop scaled versions of the recommendations with costs;
- Identify strategy and funding for increasing collections;

- Provide more analysis of strategies related to City/School partnerships; and
- Outline what would need to happen at the libraries if no funding for the recommendations can be approved.

DISCUSSION

Since the May meeting, staff and the LAC have worked to create a framework for addressing Council's directives. The LAC has held public meetings approximately every two weeks since July to address specific focus areas of the LSMAR. The LAC also formed an ad hoc committee to address Mitchell Park site planning issues. This committee worked as part of the Space Study Project Management Team working with Group 4 Architecture to develop site and space recommendations for Mitchell Park. The working schedules for the LSMAR and the space study are included with this report as Attachment 1. The two CMRs on the December 4 Council agenda are a culmination of these efforts by the LAC, the Parks and Recreation Commission, the community and staff.

Addressing Council Directives:

This section provides an overview of how each Council directive has or will be addressed.

1) Determine methods to reduce operating costs

At its October 23 meeting, the City Council approved a staff recommendation to delay consideration of this directive until after the City Auditor finishes her report in the spring of 2007. After completion of the report, staff will work with the LAC to present options to the Council for accomplishing this objective. This work will be key to ensuring the efficiency of library services and will help determine the total amount of funding necessary for additional program and service funding. It will be important to finalize this analysis and discussion before the Council decides whether to move forward with a ballot measure to fund improvements to library services.

- 2) Determine how big Mitchell Park library would need to be; and
- 3) Determine facilities growth requirements (if any) at other libraries

The presentation by Group 4 Architecture at this evening's study session and the related staff report regarding library facility enhancements will address these directives. The scope of services for Group 4 included an analysis of population growth and future library usage at all of the branches. A library planning consultant, Page + Morris, was hired as a subconsultant to Group 4. Based on the subconsultant's recommendations, Group 4 then developed facility growth options for each of the branches within the Palo Alto library system.

- 4) Be explicit about service levels at Main assuming that the Main library will continue to serve adults, teens and children

The revised LSMAR continues the current level of services at Main library.

- 5) Maintain 4th and 5th grade services at Children's library

The revised LSMAR maintains 4th and 5th grade services at Children's library.

- 6) Prepare preliminary cost models/projections/estimates for capital and staffing needs; and
- 7) Develop scaled versions of the recommendations with costs

The attached transmittal document of the LSMAR (Attachment 2) identifies the scaled options recommended by the LAC for programs and services. For each category, there is a "top-tier" level of investment and a "mid-tier" level of investment. The LAC has recommended both tiers of investment. The mid-tier level of investment was developed in recognition of the fiscal constraints under which the City is currently operating and stemmed from an interest in recommending a more reasonable level of enhancements for the library system. The programs and services descriptive information appears on pages 6-10 of the transmittal document and the table in Attachment A to the transmittal outlines the costs associated with each tier. Attachment A also identifies those enhancements available with existing funds.

The Council also directed the LAC to develop scaled options for facilities. As it was necessary to complete the LSMAR report before completion of the facility study, the LAC determined that it was premature to recommend these scaled options. Instead, the LAC recommended that both the low and high size ranges for a new Mitchell Park library or combined library/community center be further evaluated as additional information on the costs and site impacts is developed. The LAC also wanted more information on costs to upgrade Main library and make the additional improvements at the Downtown and College Terrace libraries before making a recommendation on how to scale or phase in these improvements.

On the programs and services scaled options, staff also recommends that the Council provide preliminary input on these recommendations and continue this discussion throughout the spring of 2007. If the Council decides to put a measure on the ballot to fund library services (e.g. a parcel tax), there are not the same schedule constraints as those associated with a bond measure. This will allow time for analysis and discussion of the Auditor's report recommendations, other library costing information, and community polling information.

- 8) Provide more analysis of strategies related to City/School partnerships

The attached transmittal of the LSMAR provides a section that addresses this directive (Attachment 2, pp. 13-14). The "scaled options" format was not appropriate for a discussion of this directive. Consequently, the analysis focuses on recommended areas for future discussion with the School District. In addressing the directive, the LAC worked with PAUSD and City staff and sought input from the Palo Alto Council of PTAs to analyze existing and future opportunities for City/School partnerships. The LAC recommended numerous specific items for further exploration, analysis and discussion.

Many of these recommendations will require cooperation between the School District and the City, with input from the City Council, the School Board and staff members. The LSMAR has provided a starting point for these discussions and staff recommends that the Council refer these recommendations to the City/School Liaison Committee for further discussion.

- 9) Outline what would need to happen at the libraries if no funding for the recommendations can be approved

The Council, at its October 23 meeting, provided direction to delay analysis related to this directive until after completion of the City Auditor's report in the spring. Staff from the Library and Administrative Services Departments have begun preliminary discussions about projected operating costs increases for the next five years. These costs come from the Long Range Financial Plan projections and will help to inform the discussions. Staff will prepare an analysis of potential trade offs for the library system for discussion with both the LAC and the City Council. The LAC has expressed a strong interest in reviewing this analysis and providing the Council with its recommendations. Library staff will work with the Auditor, after completion of the report, to ensure the LAC has adequate time to review and comment on any recommendations made.

Community Outreach/Polling: At the October 23 meeting, the City Council asked staff to return with information about the timing and scope of polling for community sentiment towards funding for the public safety building and any library facility and/or service enhancements. Based on initial discussions with a polling consultant, staff is recommending that preliminary polling occur before the City invests time and money on environmental and design work for any library facility enhancements. While it is possible that the library projects could still proceed in time for a June 2008 ballot if this recommendation is approved, there is the possibility that the time required to do the design and environmental assessment on a selected library project may push the library measure out to a November 2008 ballot. Staff believes, however, that information from the community polling is integral to Council making a decision on a library or library/community center project. This could result in two potential measures going before the public on different ballots. Staff recommends proceeding with a RFP immediately to hire a firm and begin polling in the early spring for both the public safety and library facilities projects. If the scope of this work exceeds the City Manager's contracting authority, staff will return to the Council in January or February to award the contract and request funding for the polling firm.

RESOURCE IMPACT

As the Council considers options for renovation of the libraries and enhanced services, it is important to note the many financial challenges facing the General Fund and the need for new revenue sources for facility and service enhancements.

In the Long Range Financial Forecast, to be presented to the Finance Committee on December 12, relatively modest operating surpluses are projected through 2010-11. Major cost items such as the General Fund's contribution to retiree medical benefits, the recently approved 2.7% at 55 retirement benefit, and Council's long-time goal of contributing an additional \$1.0 million to the

Infrastructure Reserve are contained in the Forecast. Between cost offsets such as the cap on employee medical costs and improving revenues, the City has been able to address these expenses and liabilities.

Nevertheless, the General Fund faces additional challenges. These include, for example, meeting Council's goal of an additional \$3.0 million annually in infrastructure funding, offsetting reduced Refuse Rent beginning in 2010-11, the potential loss of an estimated \$1.5 million in UUT telephone revenues due to changing technology, and the possible exit of more automobile dealerships. Although recommendations and plans are underway to cope with these issues, the City still has the daunting task of reducing programs and services (yet to be identified) by \$1.5 million to reach the \$3.0 million infrastructure goal.

As stated in prior infrastructure studies and as policy approved by Council, new infrastructure efforts and new service levels require new revenue sources. As the Long Range Forecast will show, there is very limited capacity to absorb any new expenses. Debt financing the capital costs envisioned in this report will require a fresh, ongoing revenue stream to finance debt service.

ENVIRONMENTAL REVIEW

This is not a project requiring environmental review under the California Environmental Quality Act (CEQA). Any LSMAR recommendations implemented will undergo environmental review, if and to the extent required.

Attachments:

- Attachment 1 - Working schedule for LSMAR and Mitchell Park Space Study
- Attachment 2 - LAC Transmittal, including final LSMAR document and other supporting attachments

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