

July 12, 1996

REPORT TO THE HONORABLE
MAYOR AND CITY COUNCIL

DRAFT BALLOT MEASURE LANGUAGE/PROPOSED
CHARTER AMENDMENT TO CREATE A BRANCH
LIBRARY CONSTRUCTION FUND AND ENDOWMENT FUND

At the Public Safety and Neighborhood Services Committee meeting of July 1
Committee approved draft language to amend the City Charter to create a branch library construction fund and an endowment fund from the City's share of a five-year, one-quarter sales tax increase that is anticipated to be placed on the November 1996 ballot. The committee recommended that this proposed Charter amendment be placed on the special ballot

for November 5, 1996. Chief features of the proposed ballot measure as applicable are described below. The full text of the measure is attached to this report.

PROPOSED BALLOT MEASURE
NEW CHARTER SECTION 63

7 (a)(1) Creates a Branch Library Endowment Fund from the City's share of sales tax proceeds, less \$65 million.

7 (a)(2) Requires the \$65 million to be deposited into an interest-bearing

be used to build or improve branch libraries.

7 (a)(3) Requires the tax proceeds to be allocated between the Endowment Funds according to the formula set forth in Sections 63(a)(3)(A) and (B).

7 (a)(3)(A) Requires one-third (1/3) of the proceeds to go into the Const million is reached. Requires interest earned on the Construction Fund to s Fund.

7 (a)(3)(B) Requires two-thirds (2/3) of the proceeds to go into the Endo

7 (b) Requires the Endowment Fund principal to be invested and prohibits except as provided in Section 63(c). Declares intent to invest the princip preserving its value in relation to inflation, while providing a predictabl expenditure for branch library purposes. Declares general rule to be that principal will be designated as available to spend each year for those purp Upon Funds Commission's recommendation, this general rule may be changed by necessary to ensure that the Fund's value keeps pace with inflation.

7 (c) Declares that the purpose of the Endowment Fund is to supplement, n existing funding for branch libraries. Lists specifically the purposes for expenditure each fiscal year may be spent, including branch library books a improvements, operations and maintenance, renovation, library programs (inc children and youth), technology and services, and extended hours. Prohibit than one percent (1%) of the money available to be spent annually for admin the income from the Fund.

7 (d) Requires the Funds Commission to have supervision and control over, investment oversight for the Endowment Fund. The Funds Commission will ens annual independent audit of the Fund.

7 (e)(1) Starting in 1998, requires five thousand dollars (\$5,000) to be

earned on the Endowment Fund to be placed in a discretionary fund for any b

the City Librarian, or his or her designee, after consultation with City-re groups, deems appropriate. Requires the discretionary fund allocation to e increase from the previous fiscal year by a factor equal to the percentage Price Index from the preceding calendar year. Prohibits more than three (3 discretionary funds for any particular branch library. Requires the annual Endowment Fund for these discretionary funds to be the first priority of ex the Fund.

7 (e)(2) Requires the City's Board of Library Commissioners to recommend City Council how the income from the Endowment Fund should be spent annuall minimum of fifty percent (50%) of available income to be spent annually for purposes.

7 (f)(1) Beginning in FY 1998, requires the City to allocate funds for br same percentage of General Fund Revenues, as was allocated in FY 1997. Pro the allocation in the event of expansion, additions or deletions of branch known as a "maintenance of effort" clause.

7 (f)(2) Upon two-thirds (2/3) vote and provided the City Council makes s necessity for modification, in any given fiscal year, the City Council may branch libraries required by Section 63(f)(1).

7 In a paragraph that will not be codified in the Charter, provides notic measure will be void if the County sales tax measure does not pass.

The City Attorney will be available at the Council meeting to answer any o about this draft ballot language.

Respectfully submitted,

JOHN W. WITT
City Attorney

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Attachment
RC-96-29