

DATE ISSUED: November 26, 2003 **REPORT NO:** 03-234

ATTENTION: Honorable Mayor and City Council
Docket of December 1, 2003

SUBJECT: Proposition 14 Application and Resolutions for the Skyline Hills
Branch Library

REFERENCE: Manager's Report No. 01-234 Dated January 30, 2001
Manager's Report No. 01-148 Dated July 25, 2001
Manager's Report No. 01-234 Dated October 26, 2001
Manager's Report No. 01-275 Dated December 7, 2001
Manager's Report No. 02-116 Dated May 22, 2002
Manager's Report No. 02-159 Dated July, 10, 2002
Manager's Report No. 03-013 Dated January 28, 2003

SUMMARY

Issues:

- 1) Should the City Council approve the following specific actions regarding the Proposition 14 grant application for the Skyline Hills Branch Library
 - A) Approve appropriating the local matching fund (35%) identified in the Proposition 14 Library Project Budget, as required by Education Code Section 19995(a) should a grant be awarded.
 - B) Approve appropriating supplemental funds necessary to complete the project at the level stated in the project budget should a grant be awarded.
 - C) Approve appropriating the local matching supplemental funds as specified in the budget when they are required to meet cash flow requirements of the project.

- D) Approve the project budget as contained in the Project Budget section of the Application form.
- E) Attest to the accuracy and truthfulness of all information submitted in the Application form and the required supporting documents.
- F) Commit the library facilities for which grant funds are sought to public library direct service by the City of San Diego.
- G) Dedicate the library facilities for which grant funds are sought to public library direct service use for a minimum period of 40 years following completion of the project, regardless of any operating agreements the City may have with other jurisdictions or parties.
- H) Certifying that the information contained in Project No. 14584 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration reflects the independent judgment of the City of San Diego as Lead Agency.
- I) State for the record that the final Mitigated Negative Declaration has been reviewed and considered prior to approving the project.
- J) Adopt the Mitigation, Monitoring and Reporting Program.

Manager's Recommendation:

- A) Approve appropriating the local matching fund (35%) identified in the Proposition 14 Library Project Budget, as required by Education Code Section 19995(a) should a grant be awarded.
- B) Approve appropriating supplemental funds necessary to complete the project at the level stated in the project budget should a grant be awarded.
- C) Approve appropriating the local matching supplemental funds as specified in the budget when they are required to meet cash flow requirements of the project.
- D) Approve the project budget as contained in the Project Budget section of the Application form.
- E) Attest to the accuracy and truthfulness of all information

submitted in the Application form and the required supporting documents.

- F) Commit the library facilities for which grant funds are sought to public library direct service by the City of San Diego.
- G) Dedicate the library facilities for which grant funds are sought to public library direct service use for a minimum period of 40 years following completion of the project, regardless of any operating agreements the City may have with other jurisdictions or parties.
- H) Certifying that the information contained in Project No. 14584 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration reflects the independent judgment of the City of San Diego as Lead Agency.
- I) State for the record that the final Mitigated Negative Declaration has been reviewed and considered prior to approving the project.
- J) Adopt the Mitigation, Monitoring and Reporting Program.

Other Recommendations: Board of Library Commissioners meeting of November 5, 2003 voted unanimously to support the Proposition 14 application for Skyline Hills Branch Library.

Fiscal Impact: Title 5 Regulations, the guidelines that govern the grant process, require that the City commit to providing the local matching fund amount identified in the Library Project Budget submitted with the application. As required by Education Code section 19995(a) of the Title 5 Regulations, “a commitment must be provided for the 35% matching funds needed and any supplemental funds necessary to complete the projects at the level stated in the project budget. The local and matching funds specified in the project budget must be made available for any of the library facilities when they are needed to meet the cash flow requirements of the project.”

The total project costs reflected in the application are the most recent cost estimates for the Skyline Hills Branch Library. Funding has been identified in the financing plan previously approved by the Mayor and City Council on November 18, 2002 and from a \$3.5 million donation from The San Diego Community Foundation Hervey Family Fund for the expansion and renovation of the Skyline Hills Branch Library. This gift was approved by the City Council on November 17, 2003. This \$3.5 million donation will be part of the 35% match required for the grant.

In the event that funding is not available, the grant may be declined. The total project cost for the Skyline Hills branch library is estimated to be approximately \$11,519,131 of which \$11,424,756 is grant eligible. The application for Skyline Hills is in the amount of \$7,426,092, 65% of the eligible project cost. The 35% matching fund requirement would be \$3,998,665. Current identified funding sources (Attachment 3) include \$3,500,000 from The San Diego Foundation Hervey Family Fund and the financing plan previously approved by the Mayor and City Council on November 18, 2002.

Supplemental costs: These are reported as “ineligible costs” on the grant’s Financial Information sheet, resulting from the difference between the City’s eligible project costs and the construction cost approach calculations included in the application. Any additional costs beyond the grant award required to complete the library project will need City funding. Ineligible costs for the Skyline Hills project are: \$94,375.

Additional supplemental costs may also be incurred if there are any delays in project construction.

BACKGROUND

Proposition 14, the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000, will provide \$350 million in grants to local agencies over the next three years to construct new libraries or expand and/or renovate existing libraries. Libraries can apply for grants of between \$50,000 and \$20 million per facility, and a 35 percent local match will be required. First priority funding is established for joint-use projects where there is a cooperative agreement between public libraries and K-12 public schools.

Specifically, Proposition 14 funds can be used for:

- 1) Acquisition or construction of new facilities or additions to existing public library facilities.
- 2) Acquisition of land necessary for the acquisition or construction of new facilities or additions to existing public library facilities.
- 3) Remodeling or rehabilitation of existing public library facilities or of other facilities for the purpose of their conversion to public library facilities. All remodeling and rehabilitation projects funded with authorized grants shall include any necessary upgrading of electrical and telecommunications systems to accommodate Internet and similar computer technology.
- 4) Procurement and/or installation, of furnishings and equipment required to make a facility fully operable, if the procurement or installation is part of a construction or remodeling project funded under the Library Bond Act.
- 5) Payment of fees charged by architects, engineers and other professionals, whose

services are required to plan or execute a project authorized pursuant to the Library Bond Act.

Grant Components and Criteria

The grant has specific components and criteria. Following is a summary of the criteria that are provided by the State Library on its Proposition 14 website (www.olc.ca.gov) The criteria indicate that there are seven "factors" which the Board shall consider while reviewing applications. In reviewing applications, the Board shall consider all of the following factors per Education Code Section 19998(a):

- 1) Needs of urban and rural areas. The purpose is to ensure that both the urbanized and rural areas of the state receive equitable treatment.
- 2) Population growth. Libraries serving areas that have had significant increases in population will receive greater consideration.
- 3) Age and condition of the existing library facility. Funding will favor the replacement of older, usually obsolete facilities.
- 4) The degree to which the existing library facility is inadequate in meeting the needs of the residents in the library service area and the degree to which the proposed project responds to the needs of those residents.
- 5) The degree to which the library's plan of service integrates appropriate electronic technologies into the proposed project.
- 6) The degree to which the proposed site is appropriate for the proposed project and its intended use.
- 7) For applications for the construction of new libraries, the financial capacity of the local agency submitting the application to open and maintain operation of the proposed library.

In addition, the local government's application must contain the following information:

1. **Funding:** The local grant recipient must provide 35% of all eligible project costs and 100% of all other project costs. A resolution from the local governing body must be submitted with the application demonstrating commitment to provide the local matching fund amount and any other supplemental funds needed to complete the project.
2. **Commitment to Provide Public Library Direct Service:** Regardless of any operating agreements, the governing body must agree that the completed building will be dedicated to public library direct service use for a period of at least 40 years following the completion of the project.
3. **Building and Site Considerations:** Supporting documents must be submitted with the application. These include: site and title requirements including all California

Environmental Quality Act (CEQA) documentation, proof of property ownership or any lease and lease-purchase agreements, boundary survey, geo-technical report, visual record of the existing library, map and visual record of the site with map.

4. **Community Needs Assessment** The needs assessment is developed as a collaborative effort between the public library and public school district. It demonstrates the need for the project and describes its relationship to the overall library jurisdiction.
5. **Library Plan of Service:** A library plan of service will describe how the needs of the residents in the library service area will be met by the proposed project.
6. **Library Building Program:** The building program will demonstrate how the library plan of service will be implemented in the actual project.
7. **Conceptual plans:** Architectural plans will be submitted that include a floor plan and site plan that justify the projected construction cost estimate.

The application and all supporting documents, including resolutions must be submitted as a complete document to the State by January 16, 2004. If any portions of the submittal are missing or incomplete, the entire application will be deemed “ineligible” and will not be considered.

Additional Factors

Balboa, Mission Hills, North Park, Ocean Beach, San Carlos were also reviewed for possible grant consideration. However, because there is extensive work needed to complete the application, these projects could not be ready by the January 16, 2004 deadline. Further, previous successful grants demonstrated a compelling argument that showed how the library would serve the needs of school children in grades K-12. The proximity of the library to schools, the extent to which the library can assist in helping schools achieve their educational goals (as measured by their Academic Performance Index and State Comparative rankings) and the diversity of the population were important factors in making a strong argument for a school-public library partnership, which is the heart of the Bond Act. Libraries that received funding were those that were either co-located with a school or served a diverse, underserved and economically challenged population. Based on this information, Skyline Hills Branch was the most competitive project ready to submit for this cycle of grant funding.

Required Resolutions and Funding Commitment for Grant Applicants

As part of the grant application, the City Council must certify the following by resolution:

1. A commitment to provide the local matching funds identified in the Proposition 14 Library Project Budget, as required by Education Code Section 19995(a).
2. A commitment to provide any supplemental funds necessary to complete the project at the level stated in the project budget.
3. A commitment to the availability of the local matching supplemental funds as

specified in the budget when they are required to meet cash flow requirements of the project.

4. Approval of the project budget as contained in the Project Budget section of the Application form.
5. Attestation to the accuracy and truthfulness of all information submitted in the Application form and the required supporting documents.
6. A commitment that the library facility for which grant funds are sought shall provide public library direct service by the City of San Diego.
7. A commitment that the library shall be dedicated to public library direct service use for a minimum period of 40 years following completion of the project, regardless of any operating agreements the City may have with other jurisdictions or parties.

Attachment 1 is the Education Code that refers to the required funding amount.

Attachment 2 is Title 5 Library Bond Act Regulations (page 28) which describe the requirements for the funding resolution.

Project Description and Funding Sources



The Skyline Hills Branch Library was originally designed as a 15,000 square foot library on a 3 acre parcel adjacent to the existing 4100 square foot facility. This project was consistent with the recommendations of the Branch Libraries Financing Plan as approved by the Mayor and Council in November, 2002. A donation from The San Diego Foundation Hervey Family Fund came forward with a gift for a new branch library. However, after the donor and community members expressed strong support for a larger building, the costs to build a new larger facility were investigated and higher than previously budgeted. The donor agreed to augment his donation if the existing library building could be renovated and incorporated into the design of a new facility, thus lowering the overall project cost. This resulted in a new design for a 19,100 square foot building that the community supported and a donation of \$3.5 million for the project.

Fiscal Impact

The total project costs reflect the most recent cost estimates for the Skyline Hills Branch Library. The Fiscal Year 2005 Annual Budget will reflect these updated amounts. The C.I.P budget was revised to reflect current funding on November 18, 2003.

Project Costs:

Eligible	\$11,424,756
Ineligible	\$94,375
TOTAL PROJECT COST	\$11,519,131

Funding:

65% State	\$7,426,092
35% Local Match needed	\$3,998,665

Attachment 3: The “Financial Information” pages of the Proposition 14 application.

Ineligible and Supplemental Funding

This project has costs which are not eligible for funding under the Title 5 Library Bond Act. These costs reflect the difference between what the State mandates as costs for new construction and what the City computes as construction costs. Accordingly, these are considered ineligible for state funding and are shown as “supplemental local funds”.

Projected Branch Staffing and Library Operating Budgets

The Branch Libraries Facilities Report (revised, 1998) specifies the minimum number of staff at each branch. A minimum staff of 6.7 full time equivalent (FTE) positions is recommended. It has also been the library’s experience that new, larger facilities result in significant growth in usage and circulation. Therefore, incremental increases in staff would be needed when service levels increase.

This 6.7 FTE figure is for a branch that is open a standard 48 hours per week. As usage and circulation increases, staffing would be adjusted. The staff would be composed of full-time, part-time and hourly employees.

Environmental Documents and Actions

The application requires evidence that the environmental impact documentation (EID) required by CEQA has been fully completed for all submitted projects. This includes the following actions from the City Council:

Certification that the information contained in Project No. 14584 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration reflects the independent judgment of the City of San Diego as Lead Agency; stating for the record that the final Mitigated Negative Declaration has been reviewed and considered prior to approving the project and adopting

the Mitigation, Monitoring and Reporting Program

Grant Evaluation Process

All applications are due to the State by January 16, 2004. Once applications have been submitted, the Office of Library Construction staff will evaluate the applications and provide the State Librarian and Board with "findings" which will rank the applications by priority and as to how each application met the review consideration factors specified in Section 19989. The Board will then review the applications and make the final grant award decisions.

It is anticipated that the grant awards results will be announced in spring 2004. This is the last cycle of this grant funding.

Alternatives

Do not approve the application, funding commitment and resolutions as required by the Title 5 Library Bond Act Regulations.

Respectfully Submitted,

Anna Tatár
Library Director

Approved: Bruce A. Herring
Deputy City Manager

TATÁR/ES

Note: The attachments are not available in electronic format. A copy is available for review in the Office of the City Clerk.

- Attachments: 1. Education Code.
2. Title 5 Bond Act Regulations, page 28.
3. Proposition 14 grant application, Financial Information.