

DATE ISSUED: December 2, 2005 REPORT NO: 05-238

ATTENTION: Honorable Mayor and City Council  
Docket of December 5, 2005

SUBJECT: Library Matching Funds – Amending Council Policies 100-7 and  
100-8 and Establishing Two New Matching Funds

REFERENCE: Council Policy 100-7, Matching Library Materials Fund  
Council Policy 100-8, Library Matching Equipment Fund

### SUMMARY

Issue: Should the City Council: 1) amend Section 6 of Council Policy 100-7 concerning the distribution of the “pool” in the Matching Library Materials Fund so that 25 branch libraries, rather than 15, with the lowest General Fund materials budget receive funding from the pool distribution;

2) amend Section 6 of Council Policy 100-8 concerning the distribution of the “pool” in the Library Matching Equipment Fund so that 100 percent of the City’s matching amount be allocated to the branch(s) and/or Central Library where the donation was designated, thereby eliminating the pool distribution;

3) approve the establishment of a new matching fund entitled the Library Matching Programs Fund to match donations contributed for the purpose of funding cultural programs and children’s programs, plus related expenses including but not limited to program advertising costs and the purchase of related materials and supplies needed to conduct the programs;

4) approve the establishment of a new matching fund entitled the Montgomery Technology Fund for the purpose of bridging the digital divide at the Valencia Park/Malcolm X Library;

5) approve the transfer of the fund balance from the Library Matching Equipment Fund, Revenue Account 78944 to the Montgomery Technology Fund?

Manager's Recommendation:

- 1) Approve the amendment to Section 6 of Council Policy 100-7 so that 25 branches with the lowest General Fund materials budget receive funding from the pool distribution,
- 2) approve the amendment of Section 6 of Council Policy 100-8 so that the entire amount of the City's match is allocated to the facility(s) where the donation was designated,
- 3) approve the establishment of the Library Matching Programs Fund to match donations contributed for the purpose of funding cultural programs and children's programs plus related expenses,
- 4) approve the establishment of the Montgomery Technology Fund to bridge the digital divide at the Valencia Park/Malcolm X Library, and
- 5) approve the transfer of the fund balance from the Library Matching Equipment Fund, Revenue Account 78944 to the Montgomery Technology Fund.

Board of Library Commissioners Recommendation: On February 4, 2004, the Board of Library Commissioners voted to recommend amending Section 6 of Council Policy 100-8 so that the entire amount of the City's match is allocated to the facility(s) where the equipment donation was designated, and approving the establishment of the Library Matching Programs Fund for the purpose of funding cultural programs and children's programs. On April 6, 2005 the Board voted to recommend amending Section 6 of Council Policy 100-7 so that 25 branch libraries, rather than 15, with the lowest General Fund materials budget receive funding from the pool distribution.

Other Recommendations: None.

Fiscal Impact: Funding totaling approximately \$1 million for the City match is appropriated in the Library Department's General Fund operating budget. This amount should be sufficient to match the donations to these funds in FY 2006.

## **BACKGROUND**

In 1980 City Council established the Matching Library Book Fund and the Library Matching Equipment Fund to encourage contributions from the community. Donations received from the public would be matched 100 percent by the City, and used to purchase books and equipment at the Central Library or a branch library as designated by the donor. The City match has been budgeted in the Library Department's General Fund operating budget. The amount has been

increased over the years to the current \$1 million level based upon the growth in the number and level of donations, including more than \$250,000 given annually by the Friends of the Library chapters. Given the continued success of the matching fund program, the following modifications and additions to the program are recommended.

## **DISCUSSION**

### **Matching Library Materials Fund**

In 1980 the City Council established the Matching Library Book Fund, and in 1983, the City Council approved Council Policy 100-7, establishing procedures and eligible expenditures for the fund. In July 1987, Council approved revisions to the policy, changing the fund to the Matching Library Materials Fund and revising the definition of eligible expenditures.

Under the current policy, 50 percent of the match goes to the receiving agency and 50 percent goes into a "pool" account. Funds from the pool account are to be periodically distributed among the 15 branches with the lowest General Fund materials budget, with specific amounts to be determined by the Library Director.

At the time this fund was established there were 29 branches in the library system, so distributing the pool funds to 15 branches allowed for half of the branches in the system to receive pool funding. Donations to the Matching Library Materials Fund in the 1980's generally averaged around \$200,000, so each branch receiving pool funds would receive around \$6,000 annually.

Since the Council Policy was adopted, the San Diego Public Library system has grown by five branches, and the amount donated to the fund has grown more than three-fold. Consequently, it is recommended that the language in the policy be changed to increase the number of branches receiving a pool distribution from 15 to 25 with the lowest General Fund book budgets. In this way more branch libraries will benefit from the pool distribution, with each branch receiving around \$15,000 annually to supplement their General Fund book budget (based upon the average annual donations received over the past five years). This increase takes into account future growth of the library system, as well as future fundraising efforts anticipated to maintain the growth in donations to the matching funds.

### **Library Matching Equipment Fund**

The Library Matching Equipment Fund was established by City Council action in July 1980, and Council Policy 100-8 was approved in 1983 to set up procedures for the fund. The policy calls for 50 percent of the City match to go to the receiving agency, and the remaining 50 percent to be placed into a pool account to be distributed by the Library Director to any branch or Central section on the basis of need.

Over the years, a number of donors have requested that the Library Director use the pool distribution to provide a 100 percent match to their gift in order to maximize the funds available to purchase equipment for their chosen facility. This request has become more common as the

cost of equipment has increased, and in general the Library Director has been able to comply with most of these requests. Because of the success of the modified policy, and because of the complexity involved in transferring the pool distribution every six months, it is recommended that the Council Policy be amended so that the entire City match will be allocated to the facility(s) receiving the donation.

#### Library Matching Programs Fund

Over the years the San Diego Public Library has sponsored a number of educational and cultural programs for children and adults such as the Summer Reading Program, Central Library's Sunday Afternoon and Monday Night Film Series and Chamber Music Series, Business Resources and Technology Link Workshops, and numerous community programs in the growing number of community rooms and performing arts centers located at branch libraries. The popularity of these programs has been growing, with more than 183,000 children and adults attending programs in FY 2005.

Funding over the years has come from a number of sources including the City's Neighborhood Pride and Protection Program, foundation grants and donations from patrons. However, feedback from both foundation staff and individual donors has revealed that interest in providing financial support for library programs would be much greater if a matching fund similar to the library materials and equipment funds were established. The Library Matching Programs Fund would be set up to allow donations to be deposited to support programs at individual branches or Central Library sections, or for system-wide program support, with donations receiving a 100 percent match from existing budgeted matching funds.

#### Montgomery Technology Fund

One of the great successes of the Library Matching Equipment Fund has been an account established in honor of Catherine Montgomery to raise money to provide new and upgraded technology at the Valencia Park/Malcolm X Library and Performing Arts Center. More than \$100,000 has been raised since this account was established in 1996, with the agreement that all donations to this account would be matched 100 percent in order to attract more gifts. Including the City match, the Montgomery Technology Fund Account currently has a balance of more than \$200,000 to help bridge the digital divide.

Given the large balance of this account, and in order to make this account more visible to the community in order to encourage additional donations, it is recommended that a separate matching fund be established, with donations receiving a 100 percent match from existing budgeted matching funds. The purpose of the fund would be to support the purchase, installation, maintenance and usage of information technology equipment and software, and associated expenses, including related professional and contractual services, at the Valencia Park/Malcolm X Library. It is also recommended that the current fund balance in Revenue Account No. 78944 in the Library Matching Equipment Fund be transferred to the new Montgomery Technology Fund.

**ALTERNATIVES**

1. Do not amend the Matching Library Materials Fund and/or Library Matching Equipment Fund pool distribution.
2. Do not approve the establishment of the Library Matching Programs Fund.
3. Do not approve the establishment of the Montgomery Technology Fund.

Respectfully submitted,

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Anna Tatár  
Library Director

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Approved: Ellen Oppenheim  
Deputy City Manager

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