

June 21, 2005

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
June 28, 2005

**LIBRARY PROPERTY TAX CONSIDERATION
FOR THE USE OF SURPLUS FUNDS**

Recommendation:

That the City Council review the proposed alternatives for the use of surplus property tax funds collected for the operation of the library and select an alternative and direct the City Manager to inform the Library system.

Background:

The property tax that is collected for the support of the library was \$3017 more than the cost of providing the service for the fiscal year 2003-04. The total property tax collections for library purposes were \$601,382 while the cost of providing the service was \$598,310, which results in the surplus of \$3071. A copy of the letter from the Los Angeles County Public Library is attached. It includes a listing of the property tax support and cost of service for all of the branch libraries in the system. Hermosa Beach is one of 4 cities that are in the surplus position. The two with the largest surpluses are Malibu and Manhattan Beach. Manhattan Beach has reached agreement with the Library system to use its surplus to buy the land and building where the existing library is located and has also purchased books and furniture. Malibu has reached an agreement where its surplus funds will be held in a trust or a reserve account until they decide how they intend to use the funds. They are now completing a needs study that will provide some assistance to them in programming the use of the funds. This reserve fund could be used for any number of library related purposes and must be approved by the City Council before it is used for any purpose.

I asked the Hermosa Beach Friends of Library for a recommendation on the use of the surplus and they have concluded that the system should make a refund to the city of the surplus for this year. The branch library and the County Librarian would suggest that the funds be used to purchase new books. Since the funds are set aside for Library purposes a third alternative might be to allow the funds to accumulate and be used to cover lean times like we experienced 10 years ago with the funding cutbacks that the library faced. It is likely that the surplus will grow in the coming years and if these funds were held in a reserve type account that could be used to fill a gap in funding should there be a need. They could also be used to improve the building should the funds be saved up over a period of years. This approach is really similar to both the results that have been negotiated with Malibu and Manhattan Beach. If this approach is taken, it could be set up this year and when and if there is a surplus in the next and future years the City Council and the community can decide how the funds would be spent for library purposes.

Respectfully submitted,

Stephen Burrell
City Manager