



COUNCIL AGENDA: 01-09-07
ITEM: 2.4 (c)

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Citizen Oversight
Committee for the Library
Bond Projects

SUBJECT: See Below

DATE: 12-04-06

COUNCIL DISTRICT: City-wide

SUBJECT: ANNUAL STATUS REPORT ON THE BRANCH LIBRARY BOND PROGRAM FOR FISCAL YEAR 2005-2006

RECOMMENDATION

Acceptance of this annual status report on the Branch Library Bond Program for fiscal year 2005-2006.

OUTCOME

This report to the Mayor and Council provides an update on the status of the branch library bond projects at the end of its fifth full fiscal year (2005-2006).

BACKGROUND

After overwhelming voter approval of the Branch Library Bond Measure in November 2000, the City Council appointed the Library Commission as the Citizen Oversight Committee to conduct an annual public hearing and prepare an annual report informing the Council and public of the appropriateness of bond expenditures, the progress of the various projects, and the results of the annual audit on or before December 31st of each year.

On November 8, 2006 the Citizen Oversight Committee for the Library Bond Projects conducted a public hearing regarding the Branch Library Bond Measure approved by voters in November 2000. Director of Branch Library Development Richard Desmond presented information to the Committee regarding the appropriateness of bond expenditures and the progress of the various projects. The results of the Finance Department's annual audit were also presented.

ANALYSIS

One expanded branch and the first joint branch and community center were completed during FY 2005-06. During the third and fourth quarters of the fiscal year, grand opening celebrations were held for the **Rose Garden** Branch (February 11) and the **Almaden** Community Center and Branch Library (May 13). In addition, the second phase at the new **Dr. Roberto Cruz Alum Rock** branch was completed, and construction continued on the **Cambrian, Evergreen, and Hillview** branches. Design was completed on the **Edenvale** Branch, the groundbreaking was held on April 1, and the construction contract was awarded on May 9.

Design continued on the **East San Jose Carnegie, Santa Teresa, and Willow Glen** branches and was completed on the **Joyce Ellington** and **Pearl Avenue** branches. **Joyce Ellington** went out to bid on June 28, **Pearl Avenue** on August 15, and the construction contracts for both were awarded on September 26. Consultant selection was completed on the **Bascom** and **Seventrees** joint use projects and the agreements were awarded on September 12. A Master Plan is in progress for the **Seventrees/Solari** joint facility.

This is the second consecutive year of high escalation in construction costs. Last year, the planned sizes of the larger branches were reduced to address the higher costs. This year the budgets of many of the projects were increased during the preparation of the 2007-2011 Capital Improvement Program. The primary sources of funding being used to increase these budgets is estimated interest earnings on bond proceeds, savings from completed projects, and a transfer from the Library Construction and Conveyance Tax Fund to the Branch Libraries Bond Projects Fund to cover Library Bond Program Management staff costs. Continued escalation of construction material costs may require additional budget adjustments in the future.

Project Budget Adjustments

Project	Adopted 2006-2010	Adopted 2007-2011
Bascom	\$12,084,000	\$14,182,000
Calabazas	5,491,000	6,584,000
East SJ Carnegie	6,735,000	8,247,000
Educational Park	10,511,000	12,731,000
Pearl Avenue	7,807,000	9,286,000
Santa Teresa	12,348,000	15,258,000
Seventrees	11,692,000	14,021,000
Southeast	6,716,000	8,840,000
Willow Glen	7,139,000	8,395,000
Total	\$80,523,000	\$97,544,000

Focus on site selection and acquisition is continuing for the **Southeast** Branch. Acquisition of property on **Bascom** Avenue for a new joint library and community center was recently completed.

There has been significant progress made on library bond projects since passage of the Library Bond Measure in November 2000. One new branch and ten expanded branches are in design or construction and three new and three expanded branches have been completed. 2007 will be an exciting year with grand openings for two completed projects and the start of construction of three more. The October 2006 Branch Library Development Update providing more detailed information on activities for the projects underway is attached. In addition, details and updates on each project can be found at the Branch Library Development website:
www.newsanjoselibraries.com.

PROJECT FINANCING AND EXPENDITURES

A total of \$200.6 million in General Obligation Bonds have been issued to fund library projects through FY 07-08. In addition to the \$200.6 million in bond revenue, interest earned totaled \$7.6 million through June 2006 for total revenue of \$208.2 million. Through June 2006, approximately \$118.9 million of these bond funds had been expended or encumbered. The balance of the unexpended funds will primarily be used for design contracts for the **Bascom** and **Seventrees** joint facilities and the **Calabazas**, **Educational Park**, and **Southeast** branches, and for construction contracts for the **East San Jose Carnegie**, **Joyce Ellington**, **Pearl Avenue**, **Santa Teresa**, and **Willow Glen** branches.

The table below shows the total revenues, expenditures and encumbrances through June 30, 2006 for library projects.

Fiscal Year	Bond Proceeds/Interest	Expend/Encumb
2000-01	31,048,612	405,815
2001-02	1,058,668	5,194,484
2002-03	31,697,140	12,902,627
2003-04	815,082	21,590,068
2004-05	81,129,968	33,306,411
2005-06	62,420,670	45,481,338
Total	208,170,140	118,880,743

The independent accounting firm of Macias, Gini & Company completed their annual audit of city funds in September 2006 for the fiscal year ended June 30, 2006. The audited financial

statements, known as the Comprehensive Annual Financial Report (CAFR), included a review of the Branch Libraries Bond Projects Fund. As part of the outside auditor's review, any significant issues are identified and commented upon. The CAFR was presented by the Finance Department and the City's independent outside auditors to the City's Making the Government Work Better Committee on October 19, 2006 and reported out to the City Council in November 2006. No significant issues were identified and reported on for the Branch Libraries Bond Projects Fund.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this action does not meet any of the criteria above, this report will be available on the Library's website.

The public hearing for the review of this item was posted on the City's Brown Act Board. It was also advertised in each of the branches, and emails and postcards were sent to individuals that attended past branch development meetings. Meeting notices were also posted on the Library's web site. Eight people attended the public hearing, with four people requesting information regarding the Pearl Avenue project and one the Willow Glen project. Richard Desmond and Jane Light provided answers to the questions.

COORDINATION

This memo has been coordinated with the Finance Department, Parks, Recreation and Neighborhood Services Department, Public Works, and the City Manager's Office.

CEQA

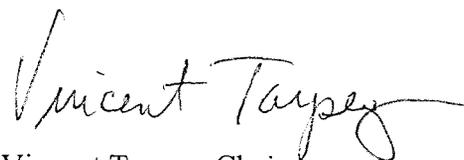
CEQA: Not a project.

HONORABLE MAYOR AND CITY COUNCIL

12-04-06

Subject: Annual Status Report on the Branch Library Bond Projects for Fiscal Year 2005-2006

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A handwritten signature in black ink that reads "Vincent Tarpey". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Vincent Tarpey, Chair
San Jose Library Commission

For questions please contact Richard Desmond, Director of Branch Library Development at (408) 793-4101.