



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Anne Cain

**SUBJECT: COST SHARING AGREEMENT
BETWEEN THE CITY OF SAN JOSÉ
AND SAN JOSÉ STATE UNIVERSITY
FOR THE DR. MARTIN LUTHER
KING, JR. LIBRARY**

DATE: July 16, 2012

Approved

Date

7/23/12

COUNCIL DISTRICT: 3

RECOMMENDATION

Approve an agreement with San José State University (University) for cost sharing associated with joint operations of the Dr. Martin Luther King, Jr. Library (King Library) for fiscal year 2012-2013, and authorize the City Manager to exercise four renewable option terms through fiscal year 2016-2017 at an amount not to exceed \$200,000 per fiscal year pursuant to adopted operating budgets.

OUTCOME

This agreement will equitably distribute costs incurred for expenses of products and services of mutual benefit for the City and the University in order to operate and maintain the King Library. This agreement is a cost effective strategy for achieving all three desired outcomes for the Neighborhood Services City Service Area:

- Safe and Clean Parks, Facilities and Attractions
- Vibrant Cultural, Learning and Leisure Opportunities
- Healthy Neighborhoods and Capable Communities

BACKGROUND

On December 17, 1998, the City and University negotiated an agreement for the ownership and operation of the King Library. As part of this effort, the City and University entered into Cost Sharing Agreements on April 14, 2003 and July 30, 2007, with renewable terms extending the term through fiscal year 2011-2012. This Cost Sharing Agreement is for expenses and costs of products and services of mutual benefit to the City and University.

ANALYSIS

The cost sharing agreement sets forth the allocation of maintenance and operation costs between the two parties and is subject to annual budget appropriation. The shared cost percentage distribution is included as "Attachment A." Although it is not anticipated, at any point either party may terminate the cost sharing agreement. Over the last fiscal year, the net cost to the City was less than \$22,000.

EVALUATION AND FOLLOW-UP

Three times per year, each party will submit to the other an accounting of all costs under this agreement, along with invoices, statements and other backup information. Each party will then have forty-five days for review and approval or (if necessary) explanation of non-compliance. The City Manager will be authorized to exercise the four renewable options on behalf of the City. The University's Purchasing department is authorized to exercise these option periods on behalf of the University.

POLICY ALTERNATIVES

Staff analyzed the following option in arriving at its recommendation.

Alternative #: Discontinue the cost sharing agreement.

Pros: None

Cons: Discontinuation of this agreement would result in inefficient operations and higher costs.

Reason for not recommending: The City would be unable to identify opportunities to reduce expenses by sharing the benefits of products and services obtained by either party.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

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This item does not meet any of the above criteria; however, this memo will be posted on the City's website for the August 7, 2012 Council agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This agreement supports activities that align with the Branch Facilities Master Plan, which includes recognition of the King Library's unique relationship with San José State University.

COST SUMMARY/IMPLICATIONS

The cost to the General Fund will not exceed \$200,000 per fiscal year. Funding for this agreement is included in the Library Department 2012-2013 Non-Personal/Equipment Operating Budget.

CEQA

Not a Project, File No. PP10-066(a), Agreements and contracts for purchase of supplies, equipment and professional services with no changes in the physical environment.

/s/
ANNE CAIN
Interim Director, Library Department

For questions please contact Lynn Harris, Acting Administrative Officer, at 408-808-2152.

Attachments

ATTACHMENT A: SHARED COST PERCENTAGE DISTRIBUTION

	Descriptions of Rationale (See Primary Categories for King Library)	King Library		KL & Branches Central System wide	
		SJSU	SJPL	SJSU	SJPL
1	Allocation of library square footage at King Library	64.51%	35.49%		
2	Economic investment to original construction	59.00%	41.00%		
3	Support to library services	50.00%	50.00%	33.33%	66.67%
4	Telephone: service desk & other merged location	50.00%	50.00%		
4 (a-d)	Telephone: staff, capital, branches & maintenance	# of lines	# of lines		
5a	Tenants	each pays for own	each pays for own		
5b	Special Collections shared areas	75.00%	25.00%		
6	Ownership of materials				
7	Employee distribution	# of employee	# of employees		
8	Use by patron type				
9	Furnishings	each pays for own	each pays for own		
	a. <u>staff area</u>				
	b. <u>public area</u>	59.00 %	41.00 %		
	b. <u>shared area</u>	50.00%	50.00%		
10	Microfilm equipment	40.00%	60.00%		
11	Other categories				
12	Security	59.00%	41.00%		