



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

October 29, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

COUNTY LIBRARY'S VOTER-APPROVED SPECIAL TAX

On July 24, 2007, the Board adopted the Tax Rate Resolution for Fiscal Year (FY) 2007-08 Voter-Approved Special Tax for Library Services. The resolution will allow the Public Library to collect an additional \$462,867 in special tax revenue, and calls for a reduction of \$446,053 in the special tax books and materials budget. Upon adoption, the Board instructed the Chief Executive Officer (CEO) to work with the County Librarian to report back on equity concerns relating to the special tax.

Also, on August 14, 2007, on motion by Supervisor Antonovich, the Board directed the CEO to review the fund balance and report back in the Supplemental Budget Board Letter on whether or not the Public Library budget contains sufficient surplus fund balance to restore all or part of the \$446,053 that was cut from the books and materials budget.

Background

The special tax was implemented in 1997 and the revenue generated made it possible for the Public Library to enhance service levels by increasing public service hours and books and materials supplies for the 44 libraries serving the special tax areas.

The adoption of the FY 2007-08 Tax Rate Resolution allows for the Public Library to collect approximately \$12.5 million in special tax revenue, which is \$446,053 lower than the projected special tax services operating cost of \$12.9 million. The special tax operating cost is used to enhance services for the 44 libraries serving the special tax areas and it is in addition to the base budget.

Equity

In regard to the special tax equity concerns related to the \$446,053 reduction to the special tax books and materials budget, we have determined it is equitable as the reduction would bring the FY 2007-08 special tax operating budget in line with the projected special tax revenue collection of \$12.5 million. If the special tax operating budget is greater than the special tax revenue collected, the difference would have been absorbed with other revenue sources such as property tax and the County General Fund contribution. The County Librarian and CEO believe that it is not appropriate to use property tax revenue, or the County General Fund, to cover the cost of enhanced special tax services when these funds are needed to support basic library services for all County libraries. The special tax enhanced services should be funded by special tax revenues as was originally intended when the Library Special Tax was first approved.

Fund Balance

On Supervisor Antonovich's motion to restore all or part of the \$446,053 reduction to the special tax books and materials budget with Public Library's surplus fund balance, the Library closed the FY 2006-07 with excess fund balance of \$2.3 million which is being utilized to fund the Library Headquarter modular building (\$600,000), Americans with Disabilities Act projects (\$836,000), and to backfill the loss of State revenues (\$840,000). The Library's excess fund balance becomes part of the County General Fund and can be used to support basic services for all County libraries, not just to enhance services for the special tax libraries.

If you have any questions, please call me, or your staff may contact David Wei at (213) 893-2534.

WTF:LS
RG:DW:kd

c: County Librarian