



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: February 26, 2016
Board Meeting Date: March 8, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Agreement with the City of Half Moon Bay for an Advance of Funds for the Proposed New Half Moon Bay Library

RECOMMENDATION:

Adopt a resolution authorizing the Agreement with the City of Half Moon Bay to provide for an advance of funds to the City by County for the Half Moon Bay Library project.

BACKGROUND:

In 2004, the County entered into the First Restated Joint Power Agreement relating to Library Services (the "JPA Agreement"), which provides that in the event that the City of Half Moon Bay (the "City") decides to either replace or significantly remodel and expand the Half Moon Bay Library (the "Library"), the County agrees to contribute 50% of the costs associated with any such replacement or remodeling in recognition that approximately 50% of the population served by the Library comes from unincorporated areas.

Over the last several years, the City has been working with the community and is preparing to construct a new library facility on the site of the existing Library, located at 620 Correas Street, Half Moon Bay. The County is participating in these efforts by providing staff representation on both an Executive Oversight Workgroup and a Technical Advisory Workgroup. At its meeting on December 1, 2015, the City Council approved the current estimated budget for the new library of \$23 million, which is based upon a 22,000 square foot facility. To date the City has set aside approximately \$6 million in a dedicated fund toward its portion of the costs associated with the project.

On December 15, your Board approved a Funding Agreement with the City for the County's contribution of half of the costs of construction of the library, and the County budgeted \$12 million in the FY 2015-16 Adopted Budget for this purpose. In order to ensure the timely completion of the new library, which is expected to be completed in April of 2018, the County and City desire to enter into an agreement to advance funds

from the County to the City for the remaining portion of the City's contribution. Such advance funding would be in addition to, and not a replacement of, the County's contribution of half of the costs of construction.

DISCUSSION:

The County and City have negotiated an agreement (the "Agreement"), whereby the County will advance funds to the City, on an interest free basis, in an amount not to exceed six million dollars (\$6,000,000) to be used to cover costs associated with construction of the Library Project. The advanced funds will not be used for the City's administrative costs associated with the project, or for the operation or maintenance of the new library facility. Upon execution of the agreement and adoption of the FY 2016-17 Budget, the County will place the funds in an escrow account, and the City will provide documentation of the project costs before any funds can be drawn from the escrow. The City will repay to the County any funds it draws down, over a ten-year period, beginning no later than FY 2019-20.

County Counsel has reviewed and approved the resolution and agreement as to form.

Approval of the agreement contributes to the 2025 Shared Vision outcome of a Collaborative Community by working with the City of Half Moon Bay to provide library services to the residents of the City and unincorporated Coastsides.

FISCAL IMPACT:

The estimated advance of funds shall not exceed \$6 million and will be included in the FY 2016-17 Recommended Budget of non-Departmental Services. In addition, the County General Fund will absorb the investment pool interest, which based on a \$6 million interest free loan covering ten years and an estimated pool earnings rate of 0.75% per annum, approximates \$230,000. If the City advances less than the \$6 million, the interest absorbed by the County will be proportionately lower.