



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-409

Board Meeting Date: 6/23/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: Amendment to March 15, 2016, Agreement with the City of Half Moon Bay

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the March 15, 2016 Agreement with the City of Half Moon Bay to defer the City's repayment of funds for one year.

BACKGROUND:

In 2004, the County entered into the First Restated Joint Powers Agreement relating to Library Services (the "JPA Agreement"), which provided that in the event that the City of Half Moon Bay (the "City") decided to replace or significantly remodel and expand the Half Moon Bay Library (the "Library"), the County would 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.

On December 15, 2015, the City and County entered into an "Agreement Between City of Half Moon Bay and County of San Mateo for the Use of, and Contribution of Costs for, the Half Moon Bay Library Project" (the "Library Funding Agreement") under which the County agreed to contribute up to one half of the construction costs of a project to replace or significantly remodel and expand the then existing Half Moon Bay Library (the "Library Project"), which project was budgeted at approximately \$12,000,000.

On March 15, 2016, in order to ensure timely completion of the Library Project, the County and City entered into an Agreement to Provide for an Advance of Funds to City by County for Construction of Half Moon Bay Library Project, which was approved by this Board via Resolution No. 074390 (the "Advance Agreement"), pursuant to which the County agreed to advance and make available funds in an amount not to exceed \$6,000,000 to assist the City in ensuring prompt completion of the Library Project. The Advance Agreement provided terms for the City to repay the County, including that the City would repay to the County any funds it draws down, over a ten-year period, beginning no later than Fiscal Year 2019-20.

The Library Project was completed, and the new Half Moon Bay Library began operation in August 2018, enabling the library to expand programming and services to City and County residents, including library collections, literacy services, job training, wellness workshops, cutting-edge technology, and the building has been recognized for its environmentally sustainable design and function.

Pursuant to the Advance Agreement, the County advanced the City a total of \$5,726,855. Pursuant to Section 4 of the Advance Agreement, repayment of the advance was to occur through the automatic deduction of \$286,342.75 from each of the City's property tax apportionments in December and April of each fiscal year beginning with FY 2019-20. The City has made its first two repayment installments of \$286,342.75 in December 2019 and April 2020, respectively, totaling \$572,685.50 in FY 2019-20.

Since March 2020, the City has incurred substantial increased costs to respond to the ongoing COVID-19 emergency, to protect public health and safety and to provide essential services while its revenues have declined due to the emergency. This has constrained its budget and resources available to fully fund all City operations, including those relating to the Half Moon Bay Library.

DISCUSSION:

The County and City have negotiated an amendment to the Advance Agreement (the "Amendment"), to defer the City's repayments scheduled for the 2020-21 fiscal year for one year, to be repaid during the 2021-2022 fiscal year along with the payments due that year. The purpose of the Amendment is to relieve fiscal pressure on the City in the short term, and to ensure that appropriate levels of library services and facility uses for library patrons, including residents of the unincorporated areas of the County, are maintained, while continuing to ensure that the County's advance of funds is repaid in a timely manner.

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

FISCAL IMPACT:

The deferral of repayment of funds shall not exceed \$572,685.50 and will be included in the FY 2020-21 Non-Departmental Services Recommended Budget. In FY 2021-22, when the deferral ends, the City will make payments totaling \$1,145,371 to cover the deferred and current payments for that year.