



**STAFF REPORT**

**AGENDA:** August 30, 2018

**DATE:** August 20, 2018

**TO:** Board of Directors

**FROM:** Nicole Coburn, Assistant County Administrative Officer

**SUBJECT:** First Supplement to Amended and Restated Joint Exercise of Powers Agreement for the Santa Cruz Libraries Facilities Financing Authority

**RECOMMENDATION**

Recommend that the Governing Boards of the City of Capitola, City of Scotts Valley, City of Santa Cruz and County of Santa Cruz approve the First Supplement to the Amended and Restated Joint Exercise of Powers Agreement for the Santa Cruz Libraries Facilities Financing Authority (LFFA).

**DISCUSSION**

In 2016, the LFFA formed a community facilities district to finance modernization, upgrades and repairs of local libraries in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach. On June 7, 2016, Santa Cruz County voters approved Measure S, which authorized the LFFA to issue up to \$67,000,000 in bonds, and levy a special tax annually on parcels within the community facilities district to pay debt service on the bonds and directly pay the costs of the authorized library projects.

Beginning with the first levy in Fiscal Year 2016-17, Measure S revenues have exceeded estimated amounts as a result of several factors. First, the actual tax generated has exceeded the initial projection following tax administration services performed by NBS to calculate the annual levy, which included auditing the number of units for multifamily property. In addition, the pricing and costs of the first bond issuance in June 2017 were lower than anticipated.

On June 7, 2018, the LFFA Board formed an ad-hoc subcommittee comprised of Capitola and County representatives to evaluate Measure S revenues and possible disbursement strategies. Based on the subcommittee's work, an additional \$15.5 million, or 25%, in Measure S funding (a combination of additional bond proceeds and annual taxes) could be distributed to the jurisdictions over a period of time. An updated bond expenditure plan is needed to show the timing of distributions, and staff are working with the jurisdictions to produce the updated plan by this Fall.

On August 2, 2018, the LFFA Board received an update on available Measure S revenues, and supported distributing the additional revenues based on the original formula

contained in the Amended and Restated Joint Exercise of Powers Agreement (the Existing JPA Agreement). Modifications to the distribution table require an amendment to the Existing JPA Agreement, which must be approved by the Capitola, Santa Cruz and Scotts Valley City Councils, and the Santa Cruz County Board of Supervisors.

Accordingly, staff worked with bond counsel to prepare the attached First Supplement to the Amended and Restated Joint Exercise of Powers Agreement, which provides that special tax revenues and net bond proceeds are to be distributed to the jurisdictions in the modified maximum amounts specified below using the percentages specified below. This provides a 25% increase to each jurisdiction's maximum amount for a total increase of \$15.5 million, from \$62.0 million to \$77.5 million. The distribution percentages remain the same.

	<b>Original Maximum Amount</b>	<b>Modified Maximum Amount</b>	<b>Percentage</b>
City of Capitola	\$8,000,000	\$10,000,000	12.90%
City of Santa Cruz	\$25,000,000	\$31,250,000	40.32%
City of Scotts Valley	\$3,000,000	\$3,750,000	4.84%
County of Santa Cruz	\$26,000,000	\$32,500,000	41.94%
<b>Total</b>	<b>\$62,000,000</b>	<b>\$77,500,000</b>	<b>100.00%</b>