



2471 Flores Street, San Mateo, CA 94403
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www.northnetlibs.org

NLS Executive Committee Meeting
Friday, May 17, 2019
10:00 a.m. – 12:00 p.m.

Yolo County Library
Mary L. Stephens Davis Branch- Small Conference Room
315 E. 14th Street
Davis, CA 95616

- | | | |
|--|--------------|---------------------|
| 1. Welcome and Roll Call | Deck, Chair | |
| 2. Public Invited to Comment | Deck | |
| 3. Adoption of Agenda (Action Item) | Deck | |
| 4. Approve Minutes of November 30, 2018 (Action Item) | Brinkley | Attachment 1 pg. 3 |
| 5. Old Business | | |
| A. Link+ Ad Hoc Group Update | Olawski | Attachment 2 pg. 10 |
| B. Annual Meeting Planning for June 14, 2019
Administrative Council Meeting | Brinkley | |
| 6. New Business | | |
| A. Update on CalPERS Revised Unfunded Liability Amortization
Policy and Effect on NLS Legacy Systems | Frost/Yon | |
| B. Create Nominating Committee for FY 2019/20 Executive
Committee and Officers | Olawski | Attachment 3 pg. 19 |
| C. Review NLS LSTA Grant “Disaster Response and Recovery Resource
Guide” (to be distributed separately) | Olawski/Deck | |
| D. Discussion of NLS RFP Response of Administrator for FY 2019-21
Zip Books Grant | Brinkley | |
| E. Review NLS Califa Membership and Consider Renewal
(Action Item) | Frost | Attachment 4 pg. 20 |
| F. California Library Services Act Regulatory Language Changes and
October CLSB Meeting | Frost | Attachment 5 pg. 21 |
| G. Review Draft NLS FY 2019/20 CLSA Plan of Service and
Recommend Adoption to the NLS Administrative Council (Action Item) | Brinkley | Attachment 6 pg. 47 |
| H. Updates from Michael Perry for Shared eContent and
Recommended Increases to OverDrive and Zinio Allocations (Action Item) | Perry | Attachment 7 pg. 60 |

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|--|-------|----------------------|
| I. Review and Approval of NLS/PLP FY 2019/20 Baseline Contract and Additional Work (Action Item) | Frost | Attachment 8 pg. 71 |
| J. Review of 10% Contract Management Administrative Fee (Action Item) | Yon | Attachment 9 pg. 75 |
| K. Review and Approval of NLS FY 2019/20 Draft Budget, and Recommend Adoption to the NLS Administrative Council (Action Item) | Yon | Attachment 10 pg. 78 |
| L. Approve NLS FY 2017/18 Financial Audit (Action item) | Yon | Attachment 11 pg. 92 |
| 7. System Chair Report | Deck | |
| 8. Next Executive Committee Meeting Date | | |
| 9. Adjournment | | |

Brown Act: The legislative body of a local agency may use teleconferencing in connection with any meeting or proceeding authorized by law. Cal. Gov't Code § 54953(b)(1). A "teleconference" is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both." Cal. Gov't Code § 54953(b)(4). A local agency may provide the public with additional teleconference locations. Cal. Gov't Code § 54953(b)(4).

The teleconferenced meeting must meet the following requirements:

- (1) it must comply with all of the Act's requirements applicable to other meetings;
- (2) all votes must be taken by roll call;
- (3) agendas must be posted at all teleconference locations and the meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the body;
- (4) each teleconference location must be identified in the notice and agenda and each location must be accessible to the public;
- (5) during the teleconferenced meeting, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the body's jurisdiction; and
- (6) the agenda must provide the public with an opportunity to address the legislative body at each teleconference location. Cal. Gov't Code § 54953(b).

Meeting Locations

- NLS Admin office, 2471 Flores Street, San Mateo, CA 94403
- Benicia Public Library, 150 East L Street, Benicia, CA 94510
- Butte County Library, 110 Oak Grove Parkway, Oroville, CA 95966
- Lincoln Public Library, 485 Twelve Bridges Drive, Lincoln, CA 95648
- Nevada County Library, 980 Helling Way, Nevada City, CA 95959
- Solano County Library, 1150 Kentucky Street, Fairfield, CA 94533
- Sutter County Library, 750 Forbes Avenue, Yuba City, CA 95991
- Tehama County Library, 545 Diamond Avenue, Red Bluff, CA 96080
- Willows/Orland Public Library, 201 N. Lassen Street, Willows, CA 95988/333 Mill Street, Orland, CA 95963
- Yolo County Library, 226 Buckeye, Woodland, CA 95695

Conference Information

Phone Number: 1-877-216-1555
 Passcode: 907394



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DRAFT MINUTES

NLS Executive Committee Meeting

November 30, 2018

1. **Welcome and Roll Call** –Chair, Todd Deck, Tehama County Library, called the meeting to order at 10:03 a.m. Also present were NLS Executive Committee members Suzanne Olawski, Solano County Library, Mel Lightbody, Butte County Library, David Dodd, Benicia Public Library, James Ochsner, Sutter County Library, Jody Meza, Willows and Orland Public Libraries, Kathryn Hunt, Lincoln Public Library, and Mark Fink, Yolo County Library. Also attending, Susan Hanks, California State Library, Carol Frost, Pacific Library Partnership, Andrew Yon, Pacific Library Partnership, and Jacquie Brinkley, Pacific Library Partnership. Also in attendance and joining the meeting via conference call for Agenda Item 7A – Susan Hildreth, Sonoma County Library, Jaime Anderson, Sonoma County Library, and Lisa Dale, Sacramento Public Library.
2. **Public Invited to Comment** - No Public in attendance.
3. **Motion to adopt Agenda** – Olawski asked to have a discussion of Administrative Fees for contract management. Frost agreed and indicated that this topic could be included under Agenda item 6B, related to item 7A (Link+).
Olawski moved to approve Agenda, Dodd seconded. Motion carried.
4. **Motion to approve Minutes of August 17, 2018.**
Dodd moved to approve; Hunt seconded. Motion carried.
5. **Motion to approve Minutes of Special Meeting of August 30, 2018.**
Ochsner moved; Fink seconded. Motion carried.
6. **Old Business**
 - A. **CalPERS memo from Isabel Safie, BB&K** - Brinkley presented the red-lined and revised memo from Ms. Safie that included the most recent update and analysis on Assembly Bill 1912, signed into law in August 2018. Ms. Safie’s memo outlined the ramifications this new legislation would have on NLS legacy systems, should systems intend to terminate their contract with CalPERS. Discussion ensued regarding how this new information was to be interpreted. It was suggested that Ms. Safie be invited to present at the NLS Administrative Council meeting of January 25, 2019. Brinkley will contact Safie to request her attendance. The Executive Committee authorized NLS staff to approve travel and time expense for Ms. Safie, with any contract amendment required to cover costs to be presented at next Executive Committee meeting. Fink noted that the Yolo County Counsel does not agree with findings of BB&K regarding liability of

individual libraries and has identified funds for this future obligation. Olawski indicated that NBCLS will continue to pay the annual CalPERS retiree obligations.

Deck requested that Ms. Safie's memo be sent to all NLS Directors with notice that she will be at the Administrative Council meeting, once her attendance is confirmed.

B. Approval of Revised FY 2017/18 and 2018/19 NLS Dues and Fees Schedules

Frost presented revised Dues and Fees schedules. Frost noted that Michael Perry, Siskiyou County, had requested that the Final dues/fees schedule from prior year be presented to the Executive Committee for inclusion in the meeting minutes. Olawski reported that she had researched meeting minutes of 2013 when NLS was in formation and found reference to a tiered system of fees being used to administer contract management. Based on her research and notes provided by Jeanne Amos, El Dorado County, the tiered system was used to allocate contract management fees when all library budgets were struggling and this tiered system seemed most the equitable way to share contract expense, since no administrative support was available. Olawski asked if the fees of 10% could be negotiated and/or reviewed at this time. She also asked if the fees can be eliminated or reduced.

Dodd commented that the tiered system of allocating contract management fees is similar to a cafeteria plan and fairly allocates cost of these services to only the libraries using the services. He continued that this model is similar to a grant administration model that includes administrative costs. Dodd supports the current tiered system of allocating contract management costs.

Yon commented that it is common practice to charge 10% for indirect services, such as contract management, and in this case, all fees collected are returned to NLS. These fees are included in the PLP/NLS contract as a means of covering the services.

Frost noted that the NLS annual budget includes unallocated funds, i.e. Staff Development funds, that are not fully expended.

Olawski noted that contract management fees may have been appropriate costs at one time, when NLS was being formed, but the need for these fees seems to be outdated and no longer needed. Olawski requested staff to review these fees as soon as possible and before the next NLS budget is developed.

Ochsner suggested that if contract administration is included within the NLS/PLP contract, that the contract budget could be reviewed and amended/increased as new work comes in and is approved.

Lightbody asked what the current administrative fees cover and if NLS has adequately budgeted to cover all costs.

Yon reiterated that all fees are returned to the NLS Fund Balance and this helps to ensure NLS maintains a healthy Fund Balance.

Lightbody remarked that she prefers to retain the Administrative Fees to keep a buffer in case of an economic downturn.

Frost reported that the Administrative Fees support the NLS Staff Development funding (\$1,000 per member library), the NLS Fund Balance, and the PLP Contract. Frost recommended that the Executive Committee approve the current dues/fees schedule and bring back to the next Executive Committee meeting a prepared forecast showing how reduced or elimination of fees would impact the NLS budget.

Frost continued to note that for consideration of the Link+ contract, NLS Executive Committee could consider a reduction or elimination of contract administrative fees. Any change could be incorporated into the FY 2019/20 budget at that time.

Fink commented that administrative fees should reflect the actual cost of administrative tasks.

DISCUSSION OF THIS AGENDA ITEM WAS CONTINUED AFTER PHONE CALL RE: Agenda Item 6.C. LINK+ Quote.

7. A. Review and Approve Innovative Quote for NLS Libraries to Join Link+

Olawski provided background and review of Link+ history related to NLS and that at this time, three new libraries (Sonoma County, El Dorado and Woodland) have committed to joining an NLS Link+ consortium. Olawski continued that after much review and reworking of the current libraries' contracts and the Innovative quote for new libraries, the best scenario for all NLS libraries (current and new) to join under a "master" contract with Innovative. Innovative has indicated they will work with current individual libraries to move to one contract.

Fink asked how the contract terms for each current library will be impacted. Yolo's contract terminates at end of January 2019. Frost will contact Innovative to set this new NLS contract up as soon as possible. Innovative is committed to handle all contract revisions and make the transition as smooth as possible with no interruptions to service.

Dale requested that the NLS contract be set up on a fiscal year cycle. She also asked if contracts will be pro-rated, for those expiring mid-year, and suggested that NLS ask for an 18-month contract as a "catch up" for those with contracts expiring in Spring 2019.

Frost reported that Innovative requested a contract be in place by December 2018. She also noted that she assumes there will be one Innovative billing to NLS, and NLS will bill back individual libraries for payment.

Olawski asked how payments current libraries have already made on their contract will be allocated or moved forward for the NLS contract. Frost will note this in communications with Innovative.

Frost and Olawski reviewed their discussion with Innovative from the meeting at CLA and shared input from NLS members who did not commit to joining Link+ due to on-going costs, delivery costs, and budgets moving forward.

Fink recommended that the new Link+ contract include written notice to inform and notice date to the consortia, and how that might impact the contract.

Olawski requested Frost to contact Innovative and request a draft contract for the NLS Ad Hoc Committee to review. The contract should provide all detail, including contract terms and specific language if a library has to drop out and required notice.

Dale asked how delivery services will be determined.

Olwaski reported that delivery is a separate contract and would be individually negotiated with Unity (formerly Tricor).

Frost noted that the new libraries will need to decide if they want individual delivery contracts or managed under NLS.

Hildreth reported that Sonoma County will set up their own delivery contract with Unity. Based on this, it was decided that each library should handle their own contracts with Unit for delivery, and that NLS should move forward with a single Link+ contract.

Frost requested that the Executive Committee authorize Deck, NLS Chair, and NLS staff to communicate with Innovative and, upon Ad Hoc Committee approval of the NLS/Innovative contract, designate Deck as authorized signatory on this contract.

Motion to authorize Deck, Frost and Brinkley to move forward with Innovative to draft a new contract for an NLS Link+ consortium for review by the NLS Link+ Ad Hoc Committee and to include the current 14 Link+ libraries and the 3 new libraries – Sonoma County Library, El Dorado County Library, and Woodland Public Library.

Olwaski moved; Hunt seconded. Motion Carried.

Deck thanked Olwaski and Frost for their hours of work in bringing the Link+ project to this point and near completion.

6. C. Allocation of \$105,700 of FY 2016/17 CLSA Funds to Current and New Link+ Libraries

Olwaski reviewed memo to Executive Committee included in Agenda Packet regarding recommendation for Executive Committee to approve allocation of FY 2016/17 CLSA funds in amount of \$105,700 to distribute among new and current Link+ libraries as an act of parity and as nod to those libraries not receiving Zip Books funding from the State.

Dodd asked about timing to expend the FY 2017/18 funds of \$200,000. Olwaski reported that those funds must be fully expended by June 30, 2020.

Hildreth requested an update on State funding for Link+ (noting action of CLSB at October 8, 2018 meeting to approve funds for Link+ in NLS region).

Frost reported that she had talked with the State Librarian at CLA about the CLSB approval for all NLS libraries to join Link+ and their approval of \$450,000 of state funding toward that end. Frost asked if the language used in the CLSB record of approval – specifically “implementation” costs - included all fees related to implementation of Link+ for NLS libraries. The discussion with the State Librarian seemed to indicate that all fees related to bringing libraries on to Link+ were considered within the CLSB intent.

Frost indicated that NLS’s first priority would be to bring on the 3 new libraries and create an NLS contract for all current and new libraries, with the next step to contact the State Librarian to bring him current with NLS and new Link+ contract, and then pursue the State funding. Frost suggested that the \$105,700 could be applied to the Year 1 Link+ contract and possibly apply the remaining CLSA allocation of \$200,000 for the one-time implementation fees.

Motion to allocate the FY 2016/17 CLSA funds of \$105,700 for current and new libraries to be applied proportionately towards the cost of creating a new master NLS Link+ contract.

Olwaski moved; Dodd seconded. Motion carried.

Hildreth recommended that all new CLSA funds be used for current and new libraries.

Frost noted that more NLS libraries may want to join later and that funds should be made available to assist these new libraries, as well.

Fink commented that he would like to know what other libraries paid for their implementation fees.

Frost reported that she will continue to work with the NLS Chair and the State Library on the allocation of the \$450,000.

Hildreth commented that she assumed one-time implementation fees would come from the CLSB approved funding and needed by June 30, 2019.

Fink remarked that he assumed some libraries had higher start up fees because of non-compatible (with Innovative) ILS systems.

Olawski asked for the CLSB language regarding the \$450,000 and what technicalities were included, i.e. how can the funds be spent. She also reported that Solano County was still working on an API development and could use State funds to help on this project.

Frost reported that a target date of June 30, 2019 has been set by the State Library to release to a system the \$450,000 approved by the CLSB since it is one-time money and must be off the State Library's books by then.

Discussion continued regarding Member Dues and administration fees

Hunt commented that the "cafeteria plan" makes sense but questioned if the fees reflect the actual cost of providing the service and suggested staff review each contract and cost of administration required to manage each contract.

Frost acknowledged that 10% fees may be too high on some contracts, but cautioned that eliminating these fees could jeopardize the stability of the NLS Fund Balance.

Olwaski and Deck requested staff to identify costs of administering NLS contracts and review the current fee structure. They also requested that a forecast be developed to reflect any reduction of fees and impact to fund balance. Deck asked if the dues annual increase tied to the CPI would be enough to cover the administrative costs.

Fink recommended use of last audit to determine if administrative costs are 10% of services provided, and to confirm if amount of work to support contracts equals 10% of the contract administration.

Motion to approve the revised FY 2017/18 and FY 2018/19 NLS Dues and Fees Schedules. Dodd moved; Fink seconded. Motion Carried.

7.B. Frost presented Memo (Attachment 6) regarding revision to FY 2018/19 NLS/PLP Contract for additional work related to new Zip Books administration contract with the California State Library.

Motion to approve revision of FY 2018/19 NLS/PLP Contract for additional Zip Books Grant work. Fink moved; Hunt seconded. Motion carried.

7.C. Brinkley presented draft agenda and speaker list for January 25, 2019 Administrative Council Mid-Year Meeting and asked Executive Committee if there were

other topics to be covered. Suggestions included CalPERS attorney, use of non-CLSA funds for Analytics (Lightbody); Link+ and update from State Librarian, Resources Sharing (Fink & Dodd), "Disaster Discussion" with intent to create a toolkit and FAQ resource to share at June 14, 2019 Annual Administrative Council meeting.

Deck confirmed that he has a contact related to disaster preparation. Discussion for this subject would include disaster policy, recommended practices, grants in unlikely places (air quality, etc.), supplies for libraries; how library services are impacted during/after disaster.

State Library Programs Consultant, Susan Hanks, announced her retirement effective December 28, 2018.

Frost noted that Michael Perry, Siskiyou County Director and OverDrive/Zinio committee Chair has revised the allocation formula for these shared resources. This will be presented at the next Executive Committee meeting for their review.

Fink asked about other resource sharing services for NLS, including Hoopla and Kanopy. These will be discussed at the Jan 25, 2019 Administrative Council meeting.

System Chair, Deck, reported that \$1,200 was collected and donated to the five Butte County library staff who lost their homes in Nov 2018 Camp Fire.

Meeting adjourned at 12:20 p.m.



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To: NLS Executive Committee
From: Suzanne Olawski
Subject: Link+ Next Steps
Date: May 17, 2019

Overview of Issue

At the March 2019 California Library Services Board (CLSB) meeting, the NLS memo to the Board regarding the plan for expenditures of the \$450,000 allocated at the October 2017 meeting was included in the packet, as well as a memo from the State Librarian providing options for the Board (see **Attachment A**). There was an hour and a half discussion at the Board meeting on this topic. Per the issued Board Actions, the following motion was approved:

7. It was moved, seconded (Ibanez/Murguia) and carried with a vote of eight ayes and two nays (Christmas, Bernardo) that the California Library Services Board approves allocating \$450,000 to the NorthNet Library System to pay for the one-year costs for three libraries to join Link+ and use the remainder to “support the sustainability and growth of Link+ regional resource sharing” consistent with the digital connection of catalogs mandated in the Governor’s budget. NorthNet Library System will develop a plan of execution which will be submitted to the Board at their Fall, 2019 meeting.

During the meeting, there was great concern about NLS’s ability to spend the funds within the allotted time (three (3) years from date of receipt). The Board was advised that once they allocate the funds, they cannot go back in a year and modify their decision since the deadline to allocate the funds was at this meeting. There was much discussion and public comment given by NLS directors and other library directors in support of NLS. After a first motion to give NLS half of the funds was defeated, more discussion ensued.

The motion above was agreed upon and written broadly to include the language of sustainability and growth of Link+.

NLS must develop a clear plan including several options for consideration of the Board at their September 2019 meeting, which shows specifically how the funds will be spent, along with a budget. It was written broadly so that there would be an option to allow libraries other than NLS libraries to avail themselves of these funds. This option addresses the Board’s question of why NLS is receiving the funds and not other libraries and also provides an alternative should they not be satisfied with the expenditure plan developed.

Overview of Current Contract and Implementation

In January 2019, NLS signed a contract with Innovative Interfaces, Inc. for Inn-Reach Link+ for the current NLS libraries and three (3) new NLS libraries.

Current Link+ Libraries

MARINet Belvedere/Tiburon
Larkspur
Marin County Free Library
Mill Valley
San Anselmo
San Rafael
Sausalito

SPLASH Solano
Dixon
Benicia
St. Helena

Single Libraries Napa County Library
Sacramento Public Library
Yolo County Library

New Libraries
El Dorado County Library
Sonoma County Library
Woodland Public Library

Overview of Funding

The five-year costs are:

Year 1: \$230,570
Year 2: \$237,487
Year 3: \$244,612
Year 4: \$251,950
Year 5: \$259,509
Total: \$1,224,128

The costs are divided up between the libraries listed above based on a formula. There are also one-year costs for the three (3) new libraries. The costs vary whether a library is on Innovative/Polaris or another system.

Below is a summary of CLSA funds and NLS decisions:

\$105,700 of FY 2016/17 CLSA funds to be allocated to existing Link+ libraries (**Attachment B**)
\$200,000 of FY 2017/18 CLSA funds earmarked for Link+ but not allocated

Of the \$450,000, \$137,295 is allocated to Sonoma, El Dorado and Woodland's Year 1 costs. This leaves \$312,705 to be budgeted for one-time installation and Year 1 costs for new NLS libraries to join Link+.

The \$200,000 must be spent by June 30, 2020 and has not yet been allocated. Although it was earmarked for Link+, it may be allocated to Link+ or another project, or distribution among members.

Ad Hoc Group

The work NLS has done up to this time included libraries that were *very* or *somewhat* interested in joining Link+. Per the memo submitted to the CSLB: *Thirteen additional libraries had expressed interest in joining the contract but budgetary and delivery concerns prohibited their membership at this time (Del Norte County, Siskiyou County, Nevada County are very interested, and Alpine, Butte, Colusa, Folsom, Humboldt, Lincoln, Roseville, Shasta, Sutter and Tehama are interested).*

The Ad Hoc Group met on April 19, 2019 and agreed to reach out to the libraries listed that had expressed interest. Of the three (3) *very interested* libraries,

Del Norte and Siskiyou have indicated they will not join the contract.

Nevada County has indicated it will join the contract. Below are their costs:

One-Time Software Implementation Fee	One Year Subscription Software Cost	One Year Delivery Costs	One Year Supplies	Total
\$18,750	\$16,456	\$18,480	\$1,000	\$54,686

\$137,295 - Sonoma, El Dorado and Woodland's Year 1 costs

\$54,686 – Nevada County Year 1 costs

\$191,981 – committed amount

(\$450,000)

\$258,019 fund balance to spend

There was discussion about whether *interested* libraries that are close to existing Link+ libraries could reduce their costs to have their Link+ items delivered to a hub, then have a local courier handle the 'last mile.' The following was noted:

- Should a library that currently does not have delivery service desire to join Link+, further investigation would need to be done to explore delivery routes, per recommendations made in the The Galecia Group report to NLS: to develop a hub and spoke model for delivery and/or to work with Innovative Interfaces, Inc. about using UPS for delivery.
- A commitment needs to be made by the libraries by August 2019 in order for NLS to develop a spending plan with alternatives should there not be enough libraries joining Link+ to fully expend the funds.

Next Steps Before the September CLSB Meeting

A well thought out budget with options will need to be developed and a memo will need to be prepared for the Board.

Should NLS not identify enough libraries to join Link+ to fully expend the \$450,000, a plan will need to be developed for additional libraries outside of NLS to use the funds for joining Link+.

Document 5

ACTION

AGENDA ITEM: Reconsider \$450,000 in 2018-19 Fiscal year funds

ISSUE TO COME BEFORE THE BOARD: Options for the re-allocation of some or all of these funds due to non-participation by Northern California libraries.

BACKGROUND:

As part of Gov. Brown's budget for the 2018-2019 fiscal year, \$1.45 million in one-time funding was allocated under the California Library Services Act for "Online Service Systems." Of that \$1.45 million, \$1 million was earmarked for Zip books and \$450,000 was to pay for the "one-time connection costs" of digitally linking the catalogs of all libraries north of San Francisco. These funds were approved and allocated for those purposes by the board at its October 4, 2018 meeting.

"It was moved, seconded (Buenafe/Tauler) and carried unanimously that the California Library Services Board approves the \$450,000 allocated in the 2018-2019 budget to pay the one-time connection cost of digitally connecting the catalogs of 26 county library systems, 15 city library systems, and 13 academic libraries in the northern third of the state."

One month after the board's action, a representative of NorthNet asked for a meeting with the State Librarian to tell him that there wasn't as much support for the catalog connection project as anticipated because of ongoing annual subscription and delivery costs.

At a subsequent Library Journal sponsored forum in San Diego it was revealed that three of the NorthNet libraries – El Dorado County, Sonoma County and Woodland – were the only three libraries planning to join Link+, the NorthNet-selected vendor to connect the catalogs and deliver resources.

NorthNet includes 26 county library systems, 15 city library systems and 13 academic libraries.

A letter was received by the board on March 4 from Carol Frost, representing NorthNet, asking the board to pay \$137,295 in first year costs for the three libraries to join Link+ and transmit the remainder of the \$450,000 to NorthNet for "sustainability and growth of Link+ regional resource sharing. The \$312,705 would cover start-up costs for new libraries to join Link+ under the NLS master contract and support ongoing costs throughout the grant period."

No proposal is offered in the March 4 letter as to how the remaining catalogs will be digitally connected.

These first-year costs in the March 4 letter include other expenses in addition to the "one-time connection costs" contemplated by Gov. Brown in his 2018-2019 budget. As the attached itemized list (Exhibit B) from NorthNet shows, the costs include expenses for subscription fees, delivery costs, and supplies. For the three libraries joining, those non-connection, ongoing costs total \$87,845.

The board has several options but **MUST** act to encumber the \$450,000 before the end of the current fiscal year or the money reverts to the state general fund.

OPTIONS:

Option #1: Provide funding of \$49,450 for the “one-time connection costs” of the three NorthNet libraries seeking to join Link+. Earmark the remainder of the \$450,000 to meet unmet demand in existing library service act grant programs.

Option #2: Provide the full \$137,295 sought by the three NorthNet libraries to pay for both the cost of connection to Link+ and one-year of delivery costs. Use the remainder of the \$450,000 to meet demand in existing grant programs.

Option #3: Transmit \$450,000 to NorthNet to pay for the one-year costs for three libraries to join Link+ and use the remainder to “support the sustainability and growth of Link+ regional resource sharing,” consistent with the digital connecting of catalogs mandated in the governor’s budget.

Given the lateness in the current fiscal year, if the board adopts either Option #1 or Option #2, State Library staff recommends:

- Pay for remaining \$132,339 in unfunded grants in the Libraries Illuminated program, re-open applications for Libraries Illuminated and earmark the remaining funds to new applications.

February 28, 2019

Anne Bernardo
President, California Library Services Board
914 Capitol Mall
Sacramento, CA 95814

Dear Ms. Bernardo,

I am writing this letter to you as the Chair of the NorthNet Library System (NLS) on behalf of the 41 NorthNet Library System public libraries in regards to the \$450,000 allocated to NLS at the October 4, 2018 California Library Services Board (CLSB) meeting to pay the one-time connection cost of digitally connecting the catalogs of the library systems in the northern third of the state. This letter provides you with an update of project expenditures and a proposal for the remaining funds for the sustainability and growth of resource sharing amongst the NLS libraries.

First, I would like to express our gratitude for the CLSB's support of regional resource sharing and NLS's goal of connecting all of its member libraries' catalogs through the Link+ Inn-Reach cooperative platform. Over 50 libraries within California participate in Link+, and with each library sharing parts of their collections with the other libraries, patrons have access to over 11 million titles. A courier system throughout the state moves the items quickly and efficiently between the libraries. To date, 14 NLS libraries are connected to the Link+ union catalog and three new libraries will be joining the resource sharing service this fiscal year as a result of these grant funds.

As you may know, the NorthNet region covers 57,838 square miles and encompasses the northern part of the state from the Pacific Coast to the Nevada border and the San Francisco Bay/Sacramento area to the Oregon border. Of the 58 counties in California, 48% of them are included in NLS. 64% of the counties are "frontier" or "rural" as classified by the US Census Bureau and have no incorporated areas with more than 50,000 persons. The other 36% includes several large library systems with numerous branches. The challenges which NLS experiences in regards to resource sharing are great. Nearly a third of the libraries resort to mailing books and materials to participate in resource sharing since it is difficult to find a courier to deliver physical items.

When NLS received the one-time CLSA funds in 2016, we began exploring better ways to share resources. We hired a consultant to study whether Link+ would be a good fit for NLS. With the encouraging finding, our next challenge was to consider how NLS could work with the vendor to expand Link+ to the most remote areas which are difficult for couriers. Since October 2018, NLS has negotiated with Innovative Interfaces Inc. a Link+ master contract, absorbing the contracts of the existing libraries and adding the three new ones. The master contract was signed in February 2019 and will take effect in June 2019 when the three new libraries complete the onboarding process. The shared contract is saving NLS participating libraries nearly \$17,000 annually. The goal over the next three years is to grow the potential of regional resource sharing by getting several more libraries to join this master contract. Thirteen additional libraries had expressed interest in

joining the contract but budgetary and delivery concerns prohibited their membership at this time (Del Norte County, Siskiyou County, Placer County are very interested, and Alpine, Butte, Colusa, Folsom, Humboldt, Lincoln, Roseville, Shasta, Sutter and Tehama are interested).

Per the letter dated January 7, 2019 from the State Librarian, the State Library will cover the one-time connection costs for the three new libraries joining: Woodland, El Dorado County and Sonoma County. Please accept this as notification that those costs come to \$137,295.

NLS respectfully requests that the \$312,705 balance remaining of the \$450,000 allocation be appropriated to NLS for sustainability and growth of Link+ regional resource sharing. The \$312,705 would cover start-up costs for new libraries to join Link+ under the NLS master contract and support ongoing costs throughout the grant period. NLS has invested a great amount of time into exploring how more of its members can join Link+, and we would like to continue to work with the vendor to find courier solutions so that more may join.

Should you have any questions, please feel free to contact Carol Frost, NLS administrator, at frost@plpinfo.org. I also am available should you have any questions at todd@tehamacountylibrary.org.

Sincerely,



Todd Deck
County Librarian, Tehama County
Chair, NLS Executive Committee

cc: NorthNet Library System Executive Committee
Greg Lucas, State Librarian, California State Library
Annly Roman, Administrative Assistant to CLSB, California State Library

NLS Link+ Costs for 3 New Libraries

Library	One-Time Software Implementation Fee	One Year Subscription Software Cost	One Year Delivery Costs	One Year Supplies	Total
El Dorado	\$18,750.00	\$17,404.13	\$12,012.00	\$1,000.00	\$49,166.13
Sonoma County	\$28,200.00	\$26,169.63	\$12,012.00	\$1,000.00	\$67,381.63
Woodland	\$2,500.00	\$5,235.00	\$12,012.00	\$1,000.00	\$20,747.00
Total	\$49,450.00	\$48,808.75	\$36,036.00	\$3,000.00	\$137,294.75

CLSA C & D FY16/17 Funds Allocated for Link+ Project (NLS Mtg 11/30/18, Approved \$105,700)

Library	CSL Certification of Population FY18/19	50% CLSA * \$ 52,850	50% Base on Population* \$ 52,850	(A) \$105,700 CLSA Link+ Allocation	(B) Link+ Annual Subscription Cost Year 1	(B) - (A) Net Link+ Cost Year 1
MARINet			Total	\$ 32,101	\$ 66,644	\$ 34,543
Bel-Tiburon Public Library	11,783	3,775	253	\$ 4,028		
Larkspur Public Library	12,351	3,775	266	\$ 4,041		
Marin County Free Library	143,912	3,775	3,096	\$ 6,871		
Mill Valley Public Library	14,963	3,775	322	\$ 4,097		
San Anselmo Public Library	13,000	3,775	280	\$ 4,055		
San Rafael Public Library	60,651	3,775	1,305	\$ 5,080		
Sausalito Public Library	7,226	3,775	155	\$ 3,930		
SPLASH			Total	\$ 24,692	\$ 62,411	\$ 37,719
Benicia Public Library	27,499	3,775	592	\$ 4,367		
Dixon Public Library	29,214	3,775	628	\$ 4,403		
St. Helena Public Library	6,118	3,775	132	\$ 3,907		
Solano County Library	383,080	3,775	8,240	\$ 12,015		
Single Libraries			Total	\$ 48,906	\$ 52,707	\$ 3,801
Napa County County Library	135,176	3,775	2,908	\$ 6,683	\$ 14,047	\$ 7,364
Sacramento Public Library	1,451,054	3,775	31,214	\$ 34,989	\$ 23,610	\$ (11,379)
Yolo County Library	160,844	3,775	3,460	\$ 7,235	\$ 15,050	\$ 7,815
Total	2,456,871	52,850	52,850	105,700	\$ 181,762	\$ 76,062
New Libraries				CLSA Augmented Funds (CLSB)		
El Dorado County Library				\$ 49,166		
Sonoma County Library				\$ 67,382		
Woodland Public Library				\$ 20,747		
Total				\$ 137,295		



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To: NLS Executive Committee
From: Jacquie Brinkley, NLS System Coordinator
Subject: Nominating Committee for FY 2019/20 NLS Executive Committee Members
Date: May 17, 2019

Three members of the current board of 9 Executive Committee members will be terming out on June 30, 2019.

Requesting the NLS Chair and Executive Committee to appoint an Ad Hoc Nominating Committee to create a slate of candidates to fill the 3 open Executive Committee positions and to present to the Administrative Council at their Annual Meeting on June 14, 2019.

Per NLS Bylaws, the Chair shall appoint an Ad Hoc Nominating Committee consisting of at least two sitting EC members and at least one Council member that is not serving on the EC.

The following Executive Committee members will be terming out of their positions on 6/30/2019:

- David Dodd, Benicia Public Library, NBCLS
- Kathryn Hunt, Lincoln Public Library, MVLS
- James Ochsner, Sutter County Public Library, MVLS

Continuing to serve on the Executive Committee are (term ends 6/30/20):

- Mark Fink, Yolo County Library, MVLS
- Jody Meza, Willows/Orland Public Library, NSCLS
- Yolande Wilburn, Nevada County Library, MVLS

Continuing to serve as NLS Executive Committee Officers for FY 2019/20 are:

- Todd Deck, Chair, NSCLS
- Suzanne Olawski, Chair Elect, NBCLS
- Mel Lightbody, Past Chair, NSCLS

Califa membership cost for NorthNet 2019-2020

NorthNet Member Name	FTE Staff	Califa Membership Fee
ALPINE COUNTY LIBRARY/ARCHIVES	3	\$200
BELVEDERE-TIBURON LIBRARY	17	\$400
BENICIA PUBLIC LIBRARY	19	\$400
BUTTE COUNTY LIBRARY	23.9	\$400
COLUSA COUNTY FREE LIBRARY	8.5	\$300
DEL NORTE COUNTY LIBRARY DISTRICT	2	\$200
DIXON PUBLIC LIBRARY DISTRICT	10	\$300
EL DORADO COUNTY LIBRARY	34	\$400
FOLSOM PUBLIC LIBRARY	12	\$300
HUMBOLDT COUNTY LIBRARY	29	\$400
LAKE COUNTY LIBRARY	12	\$300
LARKSPUR PUBLIC LIBRARY	9	\$300
LASSEN LIBRARY DISTRICT	3	\$200
LINCOLN PUBLIC LIBRARY	5	\$200
MARIN COUNTY FREE LIBRARY	90.1	\$400
MENDOCINO COUNTY LIBRARY	29.05	\$400
MILL VALLEY PUBLIC LIBRARY	20	\$400
MODOC COUNTY LIBRARY	4	\$200
MONO COUNTY FREE LIBRARY	9	\$300
NAPA COUNTY LIBRARY	52.3	\$400
NEVADA COUNTY LIBRARY	22	\$400
ORLAND FREE LIBRARY	4	\$200
PLACER COUNTY LIBRARY	39.22	\$400
PLUMAS COUNTY LIBRARY	8	\$300
ROSEVILLE PUBLIC LIBRARY	42	\$400
Sacramento Public Library	279.5	\$500
SAN ANSELMO PUBLIC LIBRARY	5	\$200
SAN RAFAEL PUBLIC LIBRARY	24	\$400
SAUSALITO PUBLIC LIBRARY	9	\$300
SHASTA PUBLIC LIBRARIES	26	\$400
SISKIYOU COUNTY FREE LIBRARY	4	\$200
SOLANO COUNTY LIBRARY	109	\$500
SONOMA COUNTY LIBRARY	130.34	\$500
ST. HELENA PUBLIC LIBRARY	11	\$300
SUTTER COUNTY LIBRARY	14	\$300
TEHAMA COUNTY LIBRARY	6	\$300
TRINITY COUNTY FREE LIBRARY	3	\$200
WILLOWS PUBLIC LIBRARY	4.28	\$200
WOODLAND PUBLIC LIBRARY	14.49	\$300
YOLO COUNTY LIBRARY	37.8	\$400
YUBA COUNTY LIBRARY	9	\$300

total for all \$13,400
with 10% discount **\$12,060**

(and waiver of \$150 System Office fees for NLS, MARINET, and SPLASH)



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To: NLS Executive Committee
From: Carol Frost, PLP CEO
Subject: California Library Services Act Regulatory Language Changes and October CLSB Meeting
Date: May 17, 2019

Summary of Issue

For the new regulatory language changes regarding assessments, it is necessary for the California Library Services Board (CLSB) to determine where in the budget the assessments may be paid from. This will be agendized at the October 2019 CLSB meeting, and cooperative library systems should consider developing language to support either it being placed in the Baseline budget or else an increase to the existing 20% System Administration budget for Planning, Coordinating and Evaluation (PC&E) to include assessment.

Background Regarding Assessments and New Regulatory Language

Effective January 1, 2019, the updates to the California Library Services Act Regulations went into effect as law, after thorough vetting of the California Library Services Board and comments from the cooperative library systems. **Attachment A** lists the full changes.

Of particular interest is the ability to use funds for assessment. The regulatory language regarding communication, delivery and resource sharing was changed to include Education Code section 18746 reading:

“Each system shall annually apply to the state board for funds for planning, coordination, and evaluation of the overall systemwide services authorized by this chapter.”

The updated language is found in Article 7. Communication and Delivery, Section 20236. Inclusion (page 20 of Attachment A) :

“Unless otherwise prohibited by Education Codes 18745-18746, intra-system communication, delivery and resource sharing includes the acquisition or maintenance of technology or digital transmission products required to locate, create, or make accessible digital, virtual, or electronic material, which may also include telecommunication equipment and its installation along with service fees.”

With the explanation

“Language required clarifying that funds could also be used for products or fees necessary to facilitate the communication, and delivery of print, digital or other

information materials or the sharing of resources. This section also includes reference to the statute language on assessment.”

During the process, the systems advocated the regulatory language change to include the ability to more broadly use CLSA funds for digital resources, assessments such as Analytics on Demand, and to purchase telecommunications equipment. The changed language above addresses these three issues.

Lack of Common Description of Items in Budget

The California State Library staff, during FY 2018/19, have met several times with the system coordinators of the cooperative library systems to update the language in the CLSA Plan of Service, Annual Report, and associated budgets and to include the updated regulatory language into the forms.

The FY 2018/19 Plan of Service form, which has been in use for several years, includes a preliminary budget. Components of that budget include personnel, operations, capital outlay, and anticipated current year-end balance in the equipment revolving fund.

When the draft of the FY 2019/20 Plan of Service form and preliminary budget was presented to system coordinators on April 4, it became apparent that the State Library staff and the system coordinators have been using definitions in different ways, which has caused misunderstanding about the regulatory language.

- Several, if not all system coordinators have been referring to the CLSA allocations as having two categories: System Administration (no more than 20% of the budget, which includes staffing and indirect to support the system); and Communication and Delivery (80% of the budget, including operational support such as delivery and telecommunications; as well as the purchase of shared resources).
- One State Library staff has been referring to Communication and Delivery as the entire allocation, not divided up into the sections.
- Another State Library staff refers to the Communication and Delivery budget as System Administration (20%) and Baseline (80%).
- The State Library indicated that the new regulatory language allowing assessments should be included in Planning, Coordination and Evaluation (PC&E), which is part of System Administration funds, rather than Baseline funds. They have indicated that PC&E was included in System Administration in 1985 by the California Library Services Board (CLSB).
- It has been libraries’ understanding that the changes in regulatory language, particularly for assessments, resulted in systems being able to use Baseline (operations) funds for assessments, such as for Analytics on Demand.

It was agreed that the common standard language will be the following: the entire amount of funds are Communication and Delivery, and the budget will be separated into System Administration and Baseline.

Next Steps for Clarification for Assessments

Per the State Library staff, allowing Baseline funds for assessments will require a review by the CLSB. We have requested that this be put on the October 2019 CLSB agenda. The system coordinators have asked that the State Library work with the systems in developing a memo for the CLSB meeting. It is recommended that the systems consider developing talking points advocating allowing Baseline funds for assessment. Some talking points include:

For larger systems such as the Pacific Library Partnership and Southern California Library Cooperative, all of the 20% of System Administration funds is used to administer the activities of the systems, leaving no other discretionary funds for PC&E.

When advocating for regulatory language changes, some of the comments to the State Library included:

- (from System Coordinators, August 2016) “Other” may include resources that support planning, coordination and assessment of system-wide services so that programs and services are provided that meet the changing demographics of 21st century populations.
- (PLP and NLS April 7, 2017) We appreciate the proposed updates to Article 7, Communication and Delivery, including the newly proposed Section 20236, Communication, Delivery and Resource Sharing, as this section clearly defines the allowable uses for our CLSA funds in supporting resource sharing. Section 20236 is written very broadly, which allows for interpretation as libraries continue to discover new ways for resource sharing. It is our hope that the CLSB and the State Library will ensure that this section will be interpreted to include the following elements, which we believe are critical to successful, collaborative resource sharing:
 - Ability to share various types of content which is library-owned, library-leased or library- created, including eResources (eBooks, eMusic, eMagazines, etc.), digital items,
 - The costs associated with a shared platform for sharing resources, such as a discovery layer or portal for access to the items delivered
 - Databases
 - Subscription tools which support the assessment of system-wide services to allow libraries to respond to the changing needs of their communities.

One Other Change to the FY 2019/20 Plan of Service

In FY 2018/19, the Plan of Service also asked for a copy of the system's audit. A CLSB board member inquired about the CalPERS pension liability obligations for systems. This question has been included in the FY 2019/20 Plan of Service. For NLS, we will be reporting the information for the three legacy systems, and indicating that NLS itself does not have any obligations.

Other Changes Going to CLSB in October

In the System Annual report, cooperative systems report on the expenditures and include narrative about the impact the funds have made on their systems. In the past several years, it has included a section "Communication Activity" which includes a column to quantify the number of phone calls and emails that have been sent out, along with the associated cost. This is holdover data from when there were more systems participating. For cooperative systems which have a shared ILS, they count the number of email notices going out to patrons. For some system, they count actual communications with directors, etc. and report those numbers. Other systems, such as PLP and NLS, indicate N/A. There will be a discussion about whether the column for number of messages should remain, and if so, what type of data would be included. The system coordinators will work with the State Library staff on developing talking points.

How this Affects NLS

Should NLS wish to use any future CLSA funds for assessments, such as Analytics on Demand, it may be interested in participating in the upcoming discussion at the next CLSB meeting.

Regulatory Language Updates: Original Vs. Amendments

Reg. Section	Original Language	Change Recommendation	Explanation
Article 1: General Provisions			
20100: Scope	The regulations contained in this chapter shall implement the California Library Services Act, Chapter 4 of part 11 of Division 1 or Title 1 of the Education Code beginning with section 18700 thereof.	No change	
20101: General Provisions	(a)The State Board finds that it is in the best interests of the citizens of California and best fulfills the purposes of the Act (Chapter 4, part 11, Division 1, Title 1, Education Code) that libraries participating in any one program of the Act participate in all applicable programs of the Act.	No change	
	(b) Any public library participating in programs of the Act shall, under section 18724(g) of the Act, provide access to the library's bibliographic and location data upon request from the State Board for inclusion in the appropriate database established by the State Board in implementation of the Act. The access shall be provided in such form, manner, and frequency as are agreed upon between the State Board and the library.	(b) Any public library participating in programs of the Act shall, under section 18724 (g) (e) of the Act, provide access to the library's bibliographic and location data upon request from the State Board for inclusion in the appropriate database established by the State Board in implementation of the Act. The access shall be provided in such form, manner, and frequency as are agreed upon between the State Board and the library.	Changed section 18724(g) to 18724(e). This change represents changes made to the Education Code statute in 2016. In section 18724, the list of powers and duties of the state board, items (c) and (f) were removed which changed item (g) to item (e) instead
	(c) Funding distributed according to California Library Services Act provisions may not be used to support other than library purposes. To comply with Education Code Section 18703(c), the funding may not be used to replace local funds for library services, but only to supplement the local funding to further the purposes of the Act.	(c) Funding distributed according to California Library Services Act provisions may not be used to support other than library purposes. To comply with Education Code S section 18703(c), the funding may not be used to replace local funds for library services, but only to supplement the local funding to further the purposes of the Act.	A change in capitalization was made based on a recommendation from the Office of Administrative Law.
	(d) A public library participating in any program of the Act must participate in the direct loan transaction reporting, whether the library participates in either of the direct loan programs or not. During the designated transaction reporting periods all CLSA participating libraries must record all direct loans made to eligible residents of other jurisdictions whose libraries are participating in the direct loan programs, as long as the handling costs of paid	No change	

20101 cont.	loans are not being covered in whole, or in part, by CLSA funds in addition to direct loan reimbursement funds, LSTA funds, or by funds provided by the jurisdiction of the eligible non-resident.		
20103: Waiver of Filing Date	The State Board may waive of reset any filing dates required by these regulations, if the State Board determined that so doing would best serve the purposes of the Act.	No change	
20104: Eligibility to Participate	Funding under any program of the Act shall be provided only to libraries which are physically and administratively located within California and which meet any additional eligibility criteria required for specific program participations.	No change	
20105: General Requirements for Participation	(a) Public Library Participation Authorization. Every public library wishing to participate in any of the programs of the Act must file with the State Board an authorization by the jurisdictional governing body for that library's participation. The authorization must be in the form and manner and be filed by the date specified by the State Board.	No change	
	(b) Public Library Certification. Upon the authorization by the jurisdictional governing body, the head librarian of each public library wishing to participate in the programs of the Act must file a certification of compliance with provisions of the Act. This certification shall remain in effect until the library jurisdiction no longer complies with the stated provisions. The certification shall specifically include compliance with Education Code Sections 18703(c) and 18724(e). If the library or jurisdiction is no longer in compliance, the head librarian shall notify the Board no later than thirty days following such a change in compliance status.	(b) Public Library Certification. Upon the authorization by the jurisdictional governing body, the head librarian of each public library wishing to participate in the programs of the Act must file a certification of compliance with provisions of the Act. This certification shall remain in effect until the library jurisdiction no longer complies with the stated provisions. The certification shall specifically include compliance with Education Code S sections 18703(c) and 18724(e)(d). If the library or jurisdiction is no longer in compliance, the head librarian shall notify the Board no later than thirty days following such a change in compliance status.	Change section 18724(e) to 18724(d). This change represents changes made to the Education Code statute in 2016. In section 18724, the list of powers and duties of the state board, items (c) and (f) were removed which changed item (e) to item (d) instead. Additionally, a change in capitalization was made based on a recommendation from the Office of Administrative Law.

20105 Cont.	(c) Participation by Libraries other than Public Libraries. The head librarian of such library eligible to participate in any of the programs of the Act and wishing to do so must file with the State Board a notice of its intent to participate and of its agreement to the provisions of the Act and administrative regulations as they apply to the library's participation. This notice shall be filed in such form and manner as specified by the State Board by September 1 of the fiscal year preceding active participation. The agreement shall remain in effect until rescinded by the State Board or the library.	No change	
	(d) Reports, Applications, and Claims. Any budget documents, reports, applications, and claims for funds pursuant to this Act shall be submitted by participating libraries in such form and manner and by the dates established by the State Board.	No change	
	(e) No public library participating in the programs of the Act may charge its residents, as defined in section 20203, any fee to obtain a library card nor for services for which it is receiving reimbursement under the California Library Services Act.	No change	
	(f) The California Library Services Board believes that it is in the best interests of the citizens of California that the information services of public libraries be provided free of charge.	No change	
20106: Uniform Population Statistics	Any funds distributed per capita shall be awarded using the most recently published and available combined estimate for cities and counties from the California State Department of Finance.	No change	
20107: Definitions	(a) The definitions concerning California Library Services Act components set forth in Education Code Section 18710 are hereby incorporated by reference, with additions as noted in subsection (b) of this section. The definitions incorporated by reference are accurate to California Statutes 1979.	(a) The definitions concerning California Library Services Act components set forth in Education Code Section 18710 are hereby incorporated by reference, with additions as noted in subsection (b) of this section. The definitions incorporated by reference are accurate to California Statutes 1979.	Last sentence was removed because it was determined to be unnecessary. The first section references the code section being incorporated. No further clarification is needed.
	(b) Additions to the regulations hereby incorporated are as follows: (1) "Chief Executive Officer" means the State Librarian. (2) "President" means the elected President of the Board.	(b) Additions to the regulations hereby incorporated are as follows: <u>(1) "Board Assistant" means the Administrative Assistant II position designated to the Board</u> (1) "Chief Executive Officer" means the State Librarian.	Item (1) Board Assistant definition is added and item (7) Board Secretary is removed. The Board no longer has a secretary; they have an

20107 Cont.

- (3) "Public library affiliation" means the formal and legal joining to a System (i.e. the obtaining of full System membership status) by a public library not previously a member of any System. A Public Library Affiliation is not considered complete until all necessary local System and jurisdictional agreements have been approved and are in force, and the State Board has approved the affiliation.
- (4) "Public library consolidation" means the formal and legal joining of the functions, services, operations, etc. of two or more formerly independent public libraries into a single public library, as defined in Education Code Section 18710 (f). A Public Library Consolidation is not considered complete until all necessary local jurisdictional agreements have been approved and are in force, and the State Board has approved the consolidation (see Administrative Code Section 20180, below).
- (5) Reference collection. Reference collection means a collection of materials, both print and non-print, designed primarily for use in answering requests for information.
- (6) Reference specialist. Reference specialist means a trained and experienced librarian who can provide reference referral services and who can also understand how to approach the community in general and the underserved in particular, together with appropriate skills in analysis of information needs and design and implementation of reference programs responsive to those needs. A reference specialist may be employed in providing any of the services for which he/she is qualified.
- (7) "Secretary" means the Executive Secretary of the Board.
- (8) "State Board" means the California Library Services Board.
- (9) "System consolidation" means the formal and legal joining of geographic service areas, functions, operations, etc. of two or more formerly separate Systems into a single Cooperative Library System, as defined in Education Code Section 18710 (c). A System

- ~~(2)~~(2) "Home Library" means the public library within whose taxing area a person resides
- ~~(2)~~(3) "President" means the elected President of the Board.
- ~~(3)~~(4) "Public library affiliation" means the formal and legal joining to a System (i.e. the obtaining of full System membership status) by a public library not previously a member of any System. A Public Library Affiliation is not considered complete until all necessary local System and jurisdictional agreements have been approved and are in force, and the State Board has approved the affiliation.
- ~~(4)~~(5) "Public library consolidation" means the formal and legal joining of the functions, services, operations, etc. of two or more formerly independent public libraries into a single public library, as defined in Education Code ~~S~~section 18710 (f). A Public Library Consolidation is not considered complete until all necessary local jurisdictional agreements have been approved and are in force, and the State Board has approved the consolidation (see ~~Administrative Code~~ Section 20180, below).
- (6) "Resource Sharing" refers to the allowed use or application of a resource created, purchased or leased by one (1) or more participating libraries' with three (3) or more participating libraries.
- ~~(5) Reference collection. Reference collection means a collection of materials, both print and non-print, designed primarily for use in answering requests for information.~~
- ~~(6) Reference specialist. Reference specialist means a trained and experienced librarian who can provide reference referral services and who can also understand how to approach the community in general and the underserved in particular, together with appropriate skills in analysis of information needs and design and implementation of reference programs responsive to those needs. A reference specialist may be employed in providing any of the services for which he/she is qualified.~~

Administrative Assistant II that they appoint. Item (5) reference collection and item (6) reference specialist were removed because these terms are no longer present in the regulations. All numbers were adjusted accordingly for changes. A definition of "Home Library" was added as item 2 and a definition of "Resource Sharing" was added as item 6 for clarity purposes. Other slight conforming changes were made.

<p>20107 Cont.</p>	<p>Consolidation is not considered complete until all necessary local System consolidation agreements have been approved and are in force, and until the State Board has approved the consolidation (see Administrative Code Section 20185, below).</p> <p>(10) "Valid non-resident borrowers card" means a card that is issued free of charge by a public library to a resident of another jurisdiction which maintains a public library, as long as such card meets all of the legal requirements of the issuing library.</p> <p>(11) "Vice-President" means the elected Vice-President of the Board.</p>	<p>(7) "Secretary" means the Executive Secretary of the Board.</p> <p>(8) "State Board" means the California Library Services Board.</p> <p>(9)(7) "System consolidation" means the formal and legal joining of geographic service areas, functions, operations, etc. of two or more formerly separate Systems into a single Cooperative Library System, as defined in Education Code Section 18710 (c). A System Consolidation is not considered complete until all necessary local System consolidation agreements have been approved and are in force, and until the State Board has approved the consolidation (see Administrative Code Section 20185, below).</p> <p>(10)(9) "Valid non-resident borrowers card" means a card that is issued free of charge by a public library to a resident of another jurisdiction which maintains a public library, as long as such card meets all of the legal requirements of the issuing library.</p> <p>(11)(10) "Vice-President" means the elected Vice-President of the Board.</p>	
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Article 2: California Library Services Board Procedures

<p>20116: Officers of the State Board</p>	<p>The State Board shall elect a President and Vice-President. The State Librarian shall be the Chief Executive Officer of the State Board.</p> <p>(a) The State Board shall annually elect a President and Vice-President at the first regular meeting of each calendar year.</p> <p>(b) Should a vacancy occur in the Office of President or Vice-President, the State Board shall at its next regular meeting elect one of its members to fill such vacancy for the remainder of the term.</p>	<p>(a) The State Board shall annually <u>biennially</u> elect a President and Vice-President at the first <u>last</u> regular meeting of each <u>every odd</u> <u>numbered</u> calendar year.</p> <p>No change</p>	<p>Change the annual election of Board officers to biennial based on recommendation from the Board's current nominating committee. Changed verbiage to reflect that elections would occur at the last meeting of every odd calendar year based on discussions the Board had at the October 2016 meeting.</p>
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20116 Cont.	(c) Duties of President. The President shall preside at all meetings of the State Board, shall execute for the State Board any documents requiring such execution, and shall perform such other duties as the State Board so provides.	No change	
	(d) Duties of Vice-President. The Vice-President shall in the absence of the President perform any of the duties of President that cannot reasonably await the President's return.	No change	
	(e) Duties of the Chief Executive Officer. (1) Make such reports and recommendations to the State Board as he deems desirable and appropriate or as may be required by the State Board. (2) Administer the provisions of this chapter. (3) Review all claims to ensure programmatic and technical compliance with the provisions of this chapter	No change	
20117: Quorum	A quorum for all State Board meetings shall be seven (7) members. The concurrence of 7 of its members shall be necessary to the validity of all actions of the State Board.	No change	
20118. Regular Meetings	(a) Date. Regular meetings of the State Board shall take place at least bi-monthly on the third Thursday of the months of February, April, June, August, October; the December meeting shall be held in conjunction with the California Library Association conference.	(a) Date. Regular meetings of the State Board shall take place at least bi-monthly on the third Thursday of the months of February, April, June, August, October; the December meeting shall be held in conjunction with the California Library Association conference <u>twice each year.</u>	Revised language to reflect the current situation of the Board. With the cuts to the budget the Board has not needed to meet more that 2-3 times since 2003.
	(b) Place. The tentative locations for the regular meetings of the following calendar year shall be determined annually, at the last regular meeting of the calendar year.	(b) Place. The tentative <u>time of year and</u> locations for the regular meetings of in the <u>following forthcoming</u> calendar year shall be determined <u>annually</u> , at the last regular meeting of the calendar year.	Change on wording only
	(c) Change of date or place. Nothing in this regulation shall be construed to prevent the State Board from altering its regular meeting dates or places of meeting.	(c) Change of date or place. Nothing in this regulation shall be construed to prevent the State Board from altering its regular meeting dates or places of meeting <u>location.</u>	Change on wording only
	(d) Meeting notice. A notice of regular meetings shall be provided at least seven days prior to the meeting date to any person annually requesting such notice under section 20119 below. Such notice shall include the time, date, and place of the regular meeting and a copy of the agenda therefor	(d) Meeting notice. A notice of regular meetings shall be provided at least seven days prior to the meeting date to any person annually requesting such notice under section 20119 below. Such notice shall include the time, date, and place of the regular meeting and a copy of the agenda <u>Per 30- Notices of regular meetings shall</u>	Removed current language and reference code sections for Bagley-Keene Opening Meeting Act which is the law followed for all meetings. This Act governs the meetings of

20118 cont.		<u>comply with all requirements laid out in Government Code sections 11120-11131.</u>	"state bodies" including the Board.
		<u>(e) Any person or organization desiring to receive notice(s) of State Board meetings may email the current Board Assistant or direct the request to: California Library Services Board, State Librarian's Office, California State Library, P.O. Box 942837, Sacramento, CA 94237-0001.</u>	Revise the section to allow for email requests and to include the address where individuals may request a meeting notice
20119. Notices	(a) Eligibility. Notice of any regular or special public meeting of the State Board shall be given to any person annually requesting under section 20119(b).	(a) Eligibility. Notice of any regular or special public meeting of the State Board shall be given to any person annually requesting under section 20119(b).	Removed current language because section 20118 above was amended to reference notice requirements in the Bagley-Keene Opening Meeting Act, making this section redundant.
	(b) Procedure. Individuals and organizations wishing to receive notice of regular and special meetings of the State Board and copies of the agenda may annually request the Secretary to include their names on the mailing list. Inclusion on the mailing list will result in notification to the addressee of all regular and special meetings of the State Board. The Secretary shall annually notify interested agencies and organizations that, upon request, they are entitled to be placed on the mailing list.	(b) Procedure. Individuals and organizations wishing to receive notice of regular and special meetings of the State Board and copies of the agenda may annually request the Secretary to include their names on the mailing list. Inclusion on the mailing list will result in notification to the addressee of all regular and special meetings of the State Board. The Secretary shall annually notify interested agencies and organizations that, upon request, they are entitled to be placed on the mailing list.	Removed current language because section 20118 above was amended to reference notice requirements in the Bagley-Keene Opening Meeting Act, making this section redundant
20120. Open Meetings of Committees, Commissions, and Advisory Boards	(a) State Board Committees. Meetings of State Board committees composed solely of members of the State Board, created by a formal action of the State Board, shall be open and public.	No change	
	(b) Advisory Bodies. Unless otherwise provided by law, meetings of any advisory body, or committees or subcommittees thereof, created by statutes or by formal action of the State Board, to advise or report or recommend to the State Board, shall be open and public.	No change	
20121. Open Meetings	All meetings of the State Board will be open and public except for executive sessions authorized by Government Code Sections 11120-11131.	No change	
20122. Special Meetings	Special meetings may be called by the President of the State Board or a majority of the members thereof for any stated purpose. Notice of such meetings shall be provided at least 24 hours in	Special meetings may be called by the President of the State Board or a majority of the members thereof for any stated purpose. Notice of such meetings shall be provided at least 24 hours in advance to those persons so P 31	Removed current notice requirement language and reference Bagley-Keene Opening Meeting Act which

20122 cont.	advance to those persons so requesting under section 20119(b).	requesting under section 20119(b). <u>Special meetings shall comply with all special meeting provisions in Government Code sections 11120-11131.</u>	governs the meetings of "state bodies" including the Board.
20123. Emergency Meetings and Agenda Items	(a) Power. An emergency meeting may be called by the President of the State Board or a majority of the members thereof without providing the notice required by section 20119 if there is an unforeseen emergency condition in existence.	(a) Power. An emergency meeting may be called by the President of the State Board or a majority of the members thereof without providing the notice required by section 20119 <u>section 20118(d)</u> if there is an unforeseen emergency condition in existence.	Removed the reference to section 20119 which was removed, inserted a reference to section 20118(d) which is where the meeting notice language is now located.
	(b) Definition. An unforeseen emergency condition exists when there is an immediate threat of adverse effects on the program authorized by the Act of such scope that requires action of the State Board to avert such effects.	No change	
	(c) Agenda Items. An item may be included on the agenda of any regular meeting if an unforeseen emergency condition exists without the notice required by section 20119.	(c) Agenda Items. An item may be included on the agenda of any regular meeting if an unforeseen emergency condition exists without the notice required by section 20119 <u>section 20118(d)</u> .	Removed the reference to section 20119 which was removed, inserted a reference to section 20118(d) which is where the meeting notice language is now located.
	(d) Certification. Concurrence of 7 of the members is required to certify that an emergency condition exists in order to take any action at an emergency meeting or regarding an emergency item.	No change	
	(e) Notice. If reasonably possible, notice of the emergency item or meeting shall be provided to those so requesting under section 20119(b). Lack of such notice shall not invalidate any action taken on said item or at said meeting.	(e) Notice. If reasonably possible, notice of the emergency item or meeting shall be provided to those so requesting under section 20119(b) <u>20118(e)</u> . Lack of such notice shall not invalidate any action taken on said item or at said meeting.	Removed the reference to section 20119(b) was removed, inserted a reference to section 20118(e) which is where the language regarding notice requests is now located.
20124. Agenda	(a) All matters to be submitted for consideration of the State Board shall be sent to the Secretary at least 10 days preceding a regular meeting of the State Board, at California Library Services Board, P.O. Box 2037, Sacramento, CA 95809.	(a) All matters to be submitted for consideration of the State Board shall be sent to the Secretary <u>to the Board Assistant</u> at least 10 <u>15 business</u> days preceding a regular meeting of the State Board, <u>by email or by mail</u> at California Library Services Board, <u>California State Library, P.O. Box 942837, Sacramento, CA 94237-0001.</u>	Reference to the Secretary replaced by Board Assistant since the Board no longer has a secretary. Time period of submitting items for consideration changed from 10 to 15 days before to accommodate the 10 day requirement for advanced posting of the meeting Agenda. Also updated so items for consideration can now be submitted by email

20124 Cont.			and the board address information updated.
	(b) Setting of Agenda. The agenda for regular meetings of the State Board shall be set by the Chief Executive Officer at least 8 days prior to the meeting.	(b) Setting of Agenda. The agenda for regular meetings of the State Board shall be set by the Chief Executive Officer at least 8 <u>12 business</u> days prior to the meeting.	Time period for CEO to set the meeting agenda changed from 8 to 12 days prior to the meeting to accommodate the 10 day requirement for advanced posting of the meeting Agenda.
20125. Speakers	(a) Recognition of Speakers. Members of the public or the State Library staff will be recognized by the President of the State Board to speak at any meeting. All remarks made shall be germane to the business at hand and shall be addressed to the President. No person other than the person having the floor and members of the State Board shall be permitted to enter the discussion.	(a) Recognition of Speakers. Members of the public or the State Library staff will be recognized by the President of the State Board to speak at any <u>State Board</u> meeting. All remarks made shall be germane to the business at hand and shall be addressed to the President. No person other than the person having the floor and members of the State Board shall be permitted to enter the discussion.	Sections revised to reflect current practices.
	(b) Subject of Remarks. All speakers before the State Board shall confine their remarks to the subject indicated in their written request, or indicated in the recognition by the President.	(b) Subject of Remarks. All speakers before the State Board shall confine their remarks to the subject indicated in their written request, or indicated in the recognition by <u>for which they were recognized by</u> the President.	Sections revised to reflect current practices.
20127. Robert's Rules of Order	Except where the provisions of the California Library Services Act of 1977 or of these regulations provide to the contrary, or when the State Board determines otherwise, the State Board shall operate under the latest edition of Robert's Rules of Order.	Except where the provisions of the California Library Services Act of 1977 <u>2016</u> or of these regulations provide to the contrary, or when the State Board determines otherwise, the State Board shall operate under the latest edition of Robert's Rules of Order.	Date changed since the California Library Services Act statute was last amended in 2016.
20130. Public Hearings	(a) Notice. The State Board may hold a public hearing regarding any matter pending before it, after giving the 45-day notice as required by the California Administrative Procedures Act. Such notice shall include adequate descriptive matter relating to the subjects to be considered in hearing.	No change	
	(b) Alternative hearing. The State Board may direct that a public hearing be held before staff of the State Library, an advisory commission to the State Board, or a standing or ad hoc committee of the State Board regarding any matter which is, or is likely to be, pending before the State Board.	No change	
	(c) Speakers. (1) Notice. Persons wishing to address the State	(c) Speakers. P 33 (1) Notice. Persons wishing to address the State	Section revised to removed mention of the Board

<p>20130 Cont.</p>	<p>Board on a subject to be considered at a public hearing, should present a request to the Secretary four (4) working days in advance of the meeting at the office of the Secretary, stating the subject they wish to address, the organization they represent, if any, and the nature of their testimony. Persons wishing to address the Board, who have not presented a request four days in advance, may be heard at the discretion of the presiding officer.</p> <p>(2) Copies of Statement. The speaker may provide a written copy of his statement to the Secretary 24 hours in advance of the hearing.</p> <p>(3) Public Testimony. At or before the hearing at which oral comments from the public are to be received, the State Board or other hearing body shall determine the total amount of time that will be devoted to hearing such oral comments, and may, at its discretion, determine the time to be allotted to each person or to each side of an issue.</p>	<p>Board on a subject to be considered at a public hearing, should present a request to the Secretary <u>Board Assistant</u> four (4) working days in advance of the meeting at the office of the Secretary <u>by email, or in person at the Board Assistant's Office, at the Stanley Mosk Library-Courts Building, 914 Capitol Mall, Sacramento California 95814</u>, stating the subject they wish to address, the organization they represent, if any, and the nature of their testimony. Persons wishing to address the Board, who have not presented a request four days in advance, may be heard at the discretion of the presiding officer.</p> <p>(2) Copies of Statement. The speaker may provide a written copy of his statement to the Secretary <u>Board Assistant</u> 24 hours in advance of the hearing.</p> <p>(3) Public Testimony. At or before the hearing at which oral comments from the public are to be received, the State Board or other hearing body shall determine the total amount of time that will be devoted to hearing such oral comments, and may, at its discretion, determine the time to be allotted to each person or to each side of an issue.</p>	<p>Secretary and replace it with the Board Assistant. Also revised to allow for contact via email or in person and adding the appropriate address.</p>
<p>20131. Waiver of presiding officer</p>	<p>At any time upon a showing of good cause, the presiding officer of the hearing may waive the requirements of Sections 20130.</p>	<p>No change</p>	
<p>20134. Public Records</p>	<p>(a) Inspection of Public Records.</p> <p>(1) Inspection of the original copy of any public record of the State Board (as defined in Government Code section 6252(d) and 6254) will be permitted during regular office hours of the State Library, Library-Courts Building, Sacramento.</p> <p>(2) Requests to inspect such records should be filed with the Secretary at least five working days prior to the requested date in order to insure availability.</p> <p>(3) Requests for inspection should be as specific as possible in identifying the records desired.</p> <p>(4) Original copies of public records shall not be removed from the office the Secretary.</p>	<p>(a) Inspection of Public Records.</p> <p>(1) Inspection of the original copy of any public record of the State Board (as defined in Government Code section 6252(d) and 6254) will be permitted during regular office hours of the State Library, <u>Stanley Mosk</u> Library-Courts Building, <u>914 Capitol Mall, Sacramento California 95814</u>.</p> <p>(2) Requests to inspect such records should be filed with the Secretary <u>Board Assistant</u> at least five working days prior to the requested date in order to insure availability.</p> <p>(3) Requests for inspection should be as specific as possible in identifying the records desired.</p> <p>(4) Original copies of public records shall not be</p>	<p>Section updated to remove references to the Board Secretary and replace them with the Board Assistant or other appropriate information. Also updated language to include the address of the library.</p>

<p>20134 cont.</p>	<p>(b) Obtaining Copies of Public Records. (1) Requests to obtain copies of public records may be made in person or by mail to the office of the Secretary. (2) Such requests should be as specific as possible in identifying the records desired. (3) Certification of the authenticity of copies may be obtained from the Secretary.</p>	<p>removed from the office the Secretary <u>Stanley Mosk Library-Courts Building.</u> (b) Obtaining Copies of Public Records. (1) Requests to obtain copies of public records may be made in person or by mail to the office of the Secretary <u>Board Assistant at California Library Services Board, California State Library, P.O. Box 942837, Sacramento, CA 94237-0001.</u> (2) Such requests should be as specific as possible in identifying the records desired. (3) Certification of the authenticity of copies may be obtained from the Secretary <u>Board Assistant.</u></p>	<p>Section updated to remove references to the Board Secretary and replace them with the Board Assistant or other appropriate information. Also updated language to include the address of the library.</p>
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Article 3: General Provisions for Systems

<p>20135. System Budget Request and Plan of Service</p>	<p>Each System participating in programs of the Act shall adopt a System Plan of Service and prepare a budget for carrying out the objectives of the Plan. After approval by the Administrative Council, the System budget request and Plan of Service shall be annually submitted to the State Board by June 1 of the fiscal year immediately preceding the fiscal year for which funds are requested. (a) Plan of Service. The annual Plan of Service shall describe in the form and manner prescribed by the State Board how the System proposes to carry out the purposes of the Act, and it shall include information relative to the following statements: (1) A population profile. This shall be no more than five years old, and shall use the most current data available. (2) A description of the users and the non-users of the services of the members of the System. (3) A description of the services provided by the System. (4) A list of the major unmet information needs of the population of the System area. (5) A plan for the use of CLSA funds, listing each of the services in (3) above which the System plans to maintain or improve, and each of the unmet needs in (4) above which the System plans to address. Under each such service to be provided, the plan shall include: (A) The user benefit expected. (B) A brief description of the method by which the</p>	<p>Each System participating in programs of the Act shall adopt a System Plan of Service and prepare a budget for carrying out the objectives of the Plan. After approval by the Administrative Council, the System budget request and Plan of Service shall be annually submitted to the State Board by June 1 of the fiscal year immediately preceding the fiscal year for which funds are requested. (a) Plan of Service. The annual Plan of Service shall describe in the form and manner prescribed by the State Board how the System proposes to carry out the purposes of the Act, and it shall include information relative to the following statements: (1) A population profile. This shall be no more than five <u>three</u> years old, and shall use the most current data available. (2) A description of the users and the non-users of the services of the members of the System. (3) A description of the services provided by the System. (4) A list of the major unmet information needs of the population of the System area. (5) A plan for the use of CLSA funds, listing each of the services (s) in (3) above which the System plans to maintain or improve, and each of the unmet needs in (4) above which the System plans to address. Under each such service to be provided, the plan shall include: (A) The user benefit expected.</p>	<p>Amend language to bring this section up to date with what is required from cooperative systems. Moved the membership figure review language into this section as the previous section that contained that language was removed due to statutory changes.</p>
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<p>20135 Cont.</p>	<p>benefit will be provided. (b) Budget. The System budget shall document in the form and manner prescribed by the State Board the dollar amounts to be expended for providing each System service or addressing each unmet need. (c) In addition, each System shall file by September 1 of each year a report, in the form and manner prescribed by the State Board for the fiscal year just ended, that describes actual accomplishments and expenditures of the System program, compares them with the planned accomplishments and expenditures for the fiscal year reported and includes other appropriate commentary.</p>	<p>(B) A brief description of the method by which the benefit will be provided. (b) Budget. The System budget shall document in the form and manner prescribed by the State Board the dollar amounts to be expended for providing each System service or addressing each unmet need. (c) In addition, each System shall file by September 1 of each year a report, in the form and manner prescribed by the State Board for the fiscal year just ended, that describes actual accomplishments and expenditures of the System program, compares them with the planned accomplishments and expenditures for the fiscal year reported and includes other appropriate commentary. <u>(d) Membership and Population Figures. The State Board shall periodically, and at least annually, review and approve the membership and population figures, and determine an appropriate funding formula which shall be uniform statewide.</u></p>	
<p>20136. System Administrative Policy manual</p>	<p>Each System participating in programs of the Act must develop by July 1, 1979, a System Administrative Policy Manual which shall include along with any other items the System finds useful, its policies for: (a) Receiving and accounting for state and federal funds on behalf of the System. (b) Employment of System personnel. (c) Executing the System programs approved by the State Board. Policy manuals shall be in conformity with the California Library Services Act. Policy manuals shall be kept current</p>	<p>Each System participating in programs of the Act must develop by July 1, 1979, a System Administrative Policy Manual which shall include along with any other items the System finds useful, its policies for: (a) Receiving and accounting for state and federal funds on behalf of the System. (b) Employment of System personnel. (c) Executing the System programs approved by the State Board. Policy manuals shall be in conformity with the California Library Services Act. Policy manuals shall be kept current</p>	<p>Date was removed as it is no longer necessary.</p>
<p>20140. System Administration</p>	<p>(a) Cooperative Library Systems. The System Administrative Council shall consist of the head librarian of each jurisdiction in the system. In case of the head librarian's absence, an official delegate or alternate may vote in place of the head librarian. It shall have regular meetings, open and accessible to the public as required in the Ralph M. Brown Act (Govt. Code Section 54950-54961). Information about the meetings of the Council shall be disseminated in such a way</p>	<p>(a) Cooperative Library Systems. The System Administrative Council shall consist of the head librarian of each jurisdiction in the system. In case of the head librarian's absence, an official delegate or alternate may vote in place of the head librarian. It shall have regular meetings, open and accessible to the public as required in the Ralph M. Brown Act (Govt. Code Ssection 54950-549613). Information about the meetings of the Council shall be disseminated in such a</p>	<p>Change was made to reflect change in the Ralph M. Brown Act code sections.</p>

20140 cont.	and in such languages as the Council determines will most effectively inform the public of the Council's activities. The Council shall provide for the position of a Council Chair-person, and for rotation of that position among the Council members.	way and in such languages as the Council determines will most effectively inform the public of the Council's activities. The Council shall provide for the position of a Council Chair-person, and for rotation of that position among the Council members.	
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Article 4: System Reference

20158- Allowance	Each System shall receive an annual allowance based on the number of member libraries of the System and on the total population served by that System. The State Board shall periodically, and at least annually, review and approve the membership and population figures, and determine an appropriate funding formula which shall be uniform statewide.	Each System shall receive an annual allowance based on the number of member libraries of the System and on the total population served by that System. The State Board shall periodically, and at least annually, review and approve the membership and population figures, and determine an appropriate funding formula which shall be uniform statewide.	This section was removed as the System reference program no longer exists in statute.
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Article 5: Consolidations and Affiliations

20180. Public Library Consolidations	(a) If any two or more contiguous jurisdictions operating public libraries wish to consolidate their libraries into a single library agency and receive establishment grants under Education Code Section 18732, a joint notice of intent signed by the head librarians of the consolidating jurisdictions must be filed with the State Board no later than September 1 of the fiscal year immediately preceding the effective date for consolidation. Authorizations to consolidate, approved by the governing body of each consolidating jurisdiction, and a joint plan for provision of consolidated services, signed by the head librarians, must be filed with the State Board no later than June 1 of the fiscal year immediately preceding the effective date of the consolidation.	(a) If any two or more contiguous jurisdictions operating public libraries wish to consolidate their libraries into a single library agency and receive establishment grants under Education Code Section 18732 , a joint notice of intent signed by the head librarians of the consolidating jurisdictions must be filed with the State Board no later than September 1 of the fiscal year immediately preceding the effective date for consolidation. Authorizations to consolidate, approved by the governing body of each consolidating jurisdiction, and a joint plan for provision of consolidated services, signed by the head librarians, must be filed with the State Board no later than June 1 of the fiscal year immediately preceding the effective date of the consolidation.	Removed language referring to consolidation grants and the associated code section because that section was removed from statute in 2016 due to lack of funding.
	(b) The State Board's approval of requests for library consolidation funds under Education Code Section 18732 shall be based on its determination that the consolidation provides a more effective means of carrying out the purposes of the Act than would be the case if the consolidation did not occur.	(b) The State Board's approval of requests for library consolidation funds under Education Code Section 18732 shall be based on its determination that the consolidation provides a more effective means of carrying out the purposes of the Act than would be the case if the consolidation did not occur.	Removed language referring to consolidation grants and the associated code section because that section was removed from statute in 2016 due to lack of funding.
	(c) For purposes of determining the eligibility of the consolidating jurisdictions to receive funds under other provisions of the Act, a public library consolidation approved by the State Board will be	(c) For purposes of determining the eligibility of the consolidating jurisdictions to receive funds under other provisions of the Act, a public library consolidation approved by the State	Removed language referring to consolidation grants because that section was

20180 cont.	considered effective beginning July 1 of the fiscal year immediately following the fiscal year in which the consolidation authorizations are filed.	Board will be considered effective beginning July 1 of the fiscal year immediately following the fiscal year in which the consolidation authorizations are filed.	removed from statute in 2016 due to lack of funding.
20185. System Consolidations	(a) If any two or more Systems whose borders are contiguous wish to consolidate and receive a consolidation grant under Education Code Section 18751, a joint notice of intent, approved by the Administrative Councils of the consolidating systems, must be filed with the State Board no later than September 1 of the fiscal year immediately preceding the effective date of consolidation. System participation authorizations approved by the jurisdictional governing body of each of the System's member libraries, and a new system plan of Service and budget, must be filed with the State Board no later than June 1 of the fiscal year immediately preceding the effective date of consolidation. If the State Board approves the consolidation funding request, a grant shall be awarded for each of the two fiscal years following the fiscal year in which the filing is made.	(a) If any two or more Systems whose borders are contiguous wish to consolidate and receive a consolidation grant under Education Code Section 18751 , a joint notice of intent, approved by the Administrative Councils of the consolidating systems, must be filed with the State Board no later than September 1 of the fiscal year immediately preceding the effective date of consolidation. System participation authorizations approved by the jurisdictional governing body of each of the System's member libraries, and a new system plan of Service and budget, must be filed with the State Board no later than June 1 of the fiscal year immediately preceding the effective date of consolidation. If the State Board approves the consolidation funding request, a grant shall be awarded for each of the two fiscal years following the fiscal year in which the filing is made.	Removed language referring to consolidation grants and the associated code section because that section was removed from statute in 2016 due to lack of funding.
	(b) The State Board's approval of requests for System consolidation funds under Education Code Section 19851 shall be based on its determination that the consolidation provides a more effective way of carrying out the purposes of the Act than would be the case if the consolidation did not occur.	(b) The State Board's approval of requests for System consolidation funds under Education Code Section 19851 shall be based on its determination that the consolidation provides a more effective way of carrying out the purposes of the Act than would be the case if the consolidation did not occur.	Removed language referring to consolidation grants and the associated code section because that section was removed from statute in 2016 due to lack of funding.
	(c) For purposes of determining the eligibility of the consolidating systems to receive funds under other provisions of the Act, a system consolidation approved by the State Board will be considered effective beginning July 1 of the fiscal year immediately following the fiscal year in which the consolidation authorizations are filed.	(c) For purposes of determining the eligibility of the consolidating systems to receive funds under other provisions of the Act, a system consolidation approved by the State Board will be considered effective beginning July 1 of the fiscal year immediately following the fiscal year in which the consolidation authorizations are filed.	Removed language referring to consolidation grants because that section was removed from statute in 2016 due to lack of funding.
20190. Public Library Affiliation with an Existing System.	(a) If any jurisdiction, not previously a member of any System, joins a System with borders contiguous to the jurisdiction, and the System wishes to receive an affiliation grant under Education Code Section 18752, the administrative body of the System shall file a notice of intent and the jurisdictional governing body of the affiliating	(a) If any jurisdiction, not previously a member of any System, joins a System with borders contiguous to the jurisdiction, and the System wishes to receive an affiliation grant under Education Code Section 18752 , the administrative body of the System shall file a notice of intent and the jurisdictional governing	Removed language referring to affiliation grants and the associated code section because that section was removed from statute in 2016 due to lack of funding.

20190 Cont.	library shall file an affiliation authorization with the State Board.	body of the affiliating library shall file an affiliation authorization with the State Board.	
	(b) The State Board's approval of requests for affiliation shall be based on its determination that the proposed membership is at least as effective a way of carrying out the purposes of the Act as would be the case if the membership were with a System other than the one joined.	No change	
	(c) For purposes of determining the eligibility of the affiliating public library or system to receive funds under other provisions of the Act, an affiliation will be considered effective beginning July 1 of the fiscal year immediately following the fiscal year in which the affiliation authorization is filed.	(c) For purposes of determining the eligibility of the affiliating public library or system to receive funds under other provisions of the Act, a An affiliation will be considered effective beginning July 1 of the fiscal year immediately following the fiscal year in which the affiliation authorization is filed.	Removed language referring to affiliation grants because that section was removed from statute in 2016 due to lack of funding.
20192. Public Library Withdrawal from System Membership.	(a) If a member library does not retain its membership in any System participating in the programs of the Act, the System shall notify the State Board no later than three months preceding the beginning of the fiscal year in which the withdrawal takes effect. (b) Any System failing to provide the notice required in Section 20192(a) may be required to return to the State Board any funds allocated to it on the basis of the withdrawing library's membership, if the Chief Executive Officer determines that such funds would not have been allocated had the required notice been provided.	No changes	
20195. Public Library Change of System Membership.	If any jurisdiction at present or previously a member of a System which has received state funds pursuant to that jurisdiction's membership, wishes to join another System instead, and if the library and the System it proposes to join wish to receive state funds pursuant to that jurisdiction's membership under Article 5 of the Act, the governing body of the jurisdiction and the administrative body of the System it proposes to join shall file a joint notice of intent with the State Board. The notice shall be filed by September 1 of the year preceding any July 1 of the first full fiscal year for which state funds pursuant to the new membership are requested. The State Board shall approve all appropriate state fund payments to the System under Article 5 of the Act only if it determines that the new membership results in a	No change	

20195 Cont.	more effective statewide method of carrying out the purposes of the Act than would be the case if the jurisdiction retained or resumed the System membership it had previously. If the State Board does not make such a determination in favor of the new membership, then the new System's funding under Article 5 of the Act shall be calculated on the basis of the System comprising only those public library jurisdictions whose membership is approved.		
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Article 6. Direct Loans

20200. Scope	Except where otherwise specified, the regulations contained in the Article apply both to Education Code Section 18731 (Universal Borrowing) and Education Code Section 18743 (Equal Access) of the Act.	No change	
20203. Residency	<p>For purposes of this Article, each resident of the State shall be deemed to have a single legal residency, which shall entitle him/her to resident library services of the jurisdiction in which he/she resides, and such services shall not be reimbursable under this Article. In determining the places of residency, the following rules as excepted from Government Code section 244 shall be observed:</p> <p>(a) It is the place where one remains when not called elsewhere for labor or other special or temporary purpose, and to which he or she returns in seasons of repose.</p> <p>(b) There can be only one residence.</p> <p>(c) A residence cannot be lost until another is gained.</p> <p>(d) The residence of the parent with whom an unmarried minor child maintains his or her place of abode is the residence of such unmarried minor child.</p> <p>(e) A married person shall have the right to retain his or her legal residence in the State notwithstanding the legal residence or domicile of his or her spouse.</p>	<p>For purposes of this Article, each resident of the State shall be deemed to have a single legal residency, which shall entitle him/her <u>them</u> to resident library services of the jurisdiction in which he/she <u>they</u> resides, and such services shall not be reimbursable under this Article. In determining the places of residency, the following rules as excepted from <u>provided in</u> Government Code section 244 shall be observed:</p> <p>(a) It is the place where one remains when not called elsewhere for labor or other special or temporary purpose, and to which he or she <u>they</u> return in seasons of repose.</p> <p>(b) There can be only one residence.</p> <p>(c) A residence cannot be lost until another is gained.</p> <p>(d) The residence of the parent with whom an unmarried minor child maintains his or her <u>their</u> place of abode is the residence of such unmarried minor child.</p> <p>(e) A married person shall have the right to retain his or her <u>their</u> legal residence in the State notwithstanding the legal residence or domicile of his or her spouse.</p>	Slight wording changes made. No impact on the meaning or impact of the language.
	(a) Public libraries participating in direct loan programs under this Act, shall not charge any fee to non-residents for borrowing privileges.	No change needed	

<p>20204. Loans to Eligible Non-Resident Borrowers</p>	<p>(b) Reserves and interlibrary loan requests shall be accepted by the participating public library under the same rules and policies applied to local residents.</p> <p>(c) All procedures governing registration of borrowers shall apply equally to residents and non-residents.</p> <p>(d) All materials normally loaned by a participating public library are available for loan to non-residents under the same rules and policies applied to local residents.</p> <p>(e) All loan and return rules governing circulation apply equally to residents and non-residents. If overdue materials are returned to a library other than the library from which borrowed, fines may be paid to and retained by the library to which the return is made. Payments for lost or damaged material are payable to the lending library, and are to be forwarded by the library to which payment is made.</p> <p>(f) Special loan privileges extended by the participating public library to teachers and other groups within its jurisdiction need not be extended beyond the jurisdiction.</p>		
<p>20205. Non-Resident Borrower Eligibility</p>	<p>An eligible non-resident borrower must be a resident of California,</p> <p>(a) Hold a valid borrowers card issued by his/her home library, or</p> <p>(b) Hold or obtain a valid non-resident borrowers card issued by any California public library, or</p> <p>(c) Hold a valid state borrowers identification card issued by any California public library;</p> <p>(d) And present any additional identification normally required by a library of its own residents.</p> <p>(e) Nothing in this section shall prevent the issuing of a non-resident card or charging of fees to a resident of another state, except that loans to such non-residents shall not be counted as reimbursable transactions.</p>	<p>An eligible non-resident borrower must be a resident of California,</p> <p>(a) Hold a valid borrowers card issued by his/her <u>their</u> home library, or</p> <p>(b) Hold or obtain a valid non-resident borrowers card issued by any California public library, or</p> <p>(c) Hold a valid state borrowers identification card issued by any California public library;</p> <p>(d) And present any additional identification normally required by a library of its own residents.</p> <p>(e) Nothing in this section shall prevent the issuing of a non-resident card or charging of fees to a resident of another state, except that loans to such non-residents shall not be counted as reimbursable transactions.</p>	<p>Slight wording change made. No impact on the meaning or impact of the language.</p>
<p>20206. Valid Identification</p>	<p>The lending library must be supplied with the name and current address of the borrower and the name of the library jurisdiction in which the borrower maintains his or her legal residency.</p>	<p>No change</p>	

<p>20210. Exchange of Local Funds Prohibited</p>	<p>Libraries participating in direct loan programs authorized by the Act, shall not charge other jurisdictions for borrowing privileges extended to their residents, except that contracts for loan or other services provided within a defined geographic area by a library jurisdiction to residents of another jurisdiction not served by their library jurisdiction are not prohibited. Persons served under such contracts are to be registered as residents of the jurisdiction providing the contract service.</p>	<p>No change</p>	
<p>20211. Maintenance of Local Service Standards</p>	<p>It is the intent of this Article that local service standards be maintained: (a) Extension of borrowing privileges by libraries to non-residents, should not adversely affect the level of service provided by the home library to its own residents. (b) No library jurisdiction may reduce or fail to maintain or improve the level of service to its residents for the purpose of placing undue reliance on the library services of neighboring library jurisdictions.</p>	<p>No change</p>	
<p>20215. Reimbursement for Net Direct Loans</p>	<p>Loan of a library material of any type by a participating public library to an eligible nonresident borrower shall result in reimbursement from the state under Education Code Sections 18731 and 18743 to the extent that the number of such loans exceeds the number of items borrowed by that library jurisdiction's residents from other participating public libraries, during a specific reporting period.</p>	<p>Loan of a library material of any type by a participating public library to an eligible nonresident borrower shall result in reimbursement from the state under Education Code Sections 18731 and 18743 to the extent that the number of such loans exceeds the number of items borrowed by that library jurisdiction's residents from other participating public libraries, during a specific reporting period.</p>	<p>Removed this section because the reimbursements specified are no long funded and all reference has been removed from Statute.</p>
<p>20216. Reporting Requirements</p>	<p>To obtain reimbursement, participating public libraries shall provide reports in the form and manner, and for the period required. Reports must be submitted by established deadlines. Records in support of claims for state funds must be maintained for four years.</p>	<p>To obtain reimbursement, participating public libraries shall provide reports in the form and manner, and for the period required. Reports must be submitted by established deadlines. Records in support of claims for state funds must be maintained for four years.</p>	<p>Removed this section because the reimbursements specified are no long funded and all reference has been removed from Statute.</p>
<p>20217. Reimbursable Costs</p>	<p>Reimbursable costs, expressed on a unit basis, are those handling costs incurred by the lending library in processing a direct loan to a non-resident. The State Board shall periodically review, at least once a year, and approve such cost data, but the reimbursement rate, as adopted, shall be uniform statewide.</p>	<p>Reimbursable costs, expressed on a unit basis, are those handling costs incurred by the lending library in processing a direct loan to a non-resident. The State Board shall periodically review, at least once a year, and approve such cost data, but the reimbursement rate, as adopted, shall be uniform statewide.</p>	<p>Removed this section because the reimbursements specified are no long funded and all reference has been removed from Statute.</p>

Article 7. Communication and Delivery

20235. Definition of Reporting Terms	In complying with the reporting requirements of Section 20135 each system shall report the following items using the following definitions with respect to the communication and delivery programs:	In complying with the reporting requirements of Section 20135 each system shall report the following items using the following definitions with respect to the communication, and <u>and delivery, and resource sharing</u> programs:	Revise language to include "resource sharing" to reflect 2016 changes to statute.
	(a) "Message" means the transmission of a discrete body of information from one library to another by means of a telecommunications system to a single individual or institutional addressee. Many separate items of information may be contained in a single message. The same body of information transmitted to several addressees at physically distinct locations constitutes several, not one, messages. Written information physically conveyed by delivery van, U.S. Mail, or other courier services is not considered a "message" for communications and delivery reporting purposes.	(a) "Message" means the transmission of a discrete body of information from one library to another by means of a telecommunications system to a single individual or institutional addressee. Many separate items of information may be contained in a single message. The same body of information transmitted to several addressees at physically distinct locations constitutes several, not one, messages. Written information physically conveyed by delivery van, U.S. Mail, or other courier services is not considered a "message" for communications and delivery reporting purposes.	
	(b) "Item delivered" means the physical-removal of a discrete item from one library to another by means of a delivery van, U.S. Mail, courier service, or other delivery system Reasonable judgement shall be exercised in determining particular "items" status (e.g., a carton containing 10,000 brochures is one -not 10,000 items).	(b) "Item delivered" means the physical-removal of a discrete item from one library to another by means of a delivery van, U.S. Mail, courier service, or other delivery system <u>or the delivery of digital materials</u> . Reasonable judgement shall be exercised in determining particular "items" status (e.g., a carton containing 10,000 brochures is one -not 10,000 items).	Revise language to add reference to delivery of digital materials to reflect 2016 changes to statute
	(c) "Frequency/schedule of delivery service" means that specific (daily, twice weekly, weekly, etc.) frequency of delivery service received by member libraries. If not all members receive the same frequency of delivery service the number of member libraries served on each differing schedule must be reported.	No change	
	(d) "Other" means that when a system employs communications or delivery methods other than those specifically cited on the standard reporting forms, the system must specify the method(s) employed and separately account for the message or delivery volume for each such method.	(d) "Other" means that when a system employs communications, or <u>or delivery methods, or shared resources</u> , other than those specifically cited on the standard reporting forms, the system must specify the method(s) employed and separately account for the message or delivery volume for each such method. <u>The System must describe the communication, delivery method, or shared resource and the outcome of providing it.</u> prepared by one (1) or more participating libraries to be shared by three (3) or more	Revise language to add reference to shared resources to reflect 2016 changes to statute.

20235 cont.		participating libraries, accessible for use by participating libraries.	
20236. Inclusion		<u>Unless otherwise prohibited by Education Codes 18745-18746, intra-system communication, delivery and resource sharing includes the acquisition or maintenance of technology or digital transmission products required to locate, create, or make accessible digital, virtual, or electronic material, which may also include telecommunication equipment and its installation along with service fees.</u>	Language required clarifying that funds could also be used for products or fees necessary to facilitate the communication, and delivery of print, digital or other information materials or the sharing of resources. This section also includes reference to the statute language on assessment.

Article 8. Interlibrary Loans

20251. Scope	The regulations in this article refer to interlibrary loan activity covered under the provisions of Education Code section 18744 (i.e. System interlibrary loan) and 18765 (i.e. Statewide loan).	The regulations in this article refer to interlibrary loan activity covered under the provisions of Education Code section 18744 (i.e. System interlibrary loan) and 18765 (i.e. Statewide loan).	Removed this section because all reference to the program has been removed from Statute.
20252. Intent	It is the intent of this program of the Act to support the sharing of library resources through interlibrary loan. Library materials needed by a library user and not available in that user's library will be made available to the user via interlibrary loan.	It is the intent of this program of the Act to support the sharing of library resources through interlibrary loan. Library materials needed by a library user and not available in that user's library will be made available to the user via interlibrary loan.	Removed this section because all reference to the program has been removed from Statute.
20255. Eligibility	(a) Public Libraries. Any public library as defined in Education Code section 18710(l), which has been authorized by its jurisdiction to participate in programs of the Act must participate in the interlibrary loan programs of the Act. (b) Libraries Other Than Public Libraries. To be eligible to participate these libraries must be authorized by their own administrative authorities to do so and must file the proper notice with the State Board as outlined in section 20105(c). Further, a library, other than a public library, may be eligible for a reimbursement only for a loan to an eligible public library. Libraries, other than public libraries, which can become eligible for participation in the interlibrary loan reimbursement programs of the Act include only the following: (1) Libraries operated by public schools or school districts. These libraries include only those defined	a) Public Libraries. Any public library as defined in Education Code section 18710(l), which has been authorized by its jurisdiction to participate in programs of the Act must participate in the interlibrary loan programs of the Act. (b) Libraries Other Than Public Libraries. To be eligible to participate these libraries must be authorized by their own administrative authorities to do so and must file the proper notice with the State Board as outlined in section 20105(c). Further, a library, other than a public library, may be eligible for a reimbursement only for a loan to an eligible public library. Libraries, other than public libraries, which can become eligible for participation in the interlibrary loan reimbursement programs of the Act include only the following: (1) Libraries operated by public schools or	Removed this section because all reference to the program has been removed from Statute.

<p>20255. Cont.</p>	<p>in Education Code section 18710(m). (2) Libraries operated by public colleges or universities. These include those academic libraries (Education Code section 18710(a)) which are funded primarily with public funds. Academic libraries potentially eligible for these programs include the libraries of the University of California, of the State University and College System, and of the California Community Colleges. (3) Libraries operated by public agencies for institutionalized persons. Libraries for the institutionalized include hospital, correctional, and residential treatment facility libraries which are funded primarily with public funds (i.e. local, state, or federal tax monies). (4) Libraries operated by nonprofit private educational or research institutions. These libraries include those operated by private colleges and universities which maintain nonprofit status under provisions of the federal Internal Revenue Service or the California Franchise Tax laws. These libraries also include those operated by private companies which are primarily devoted to educational or research purposes and which maintain nonprofit status under provisions of the federal Internal Revenue Service or the California Franchise Tax laws. Such libraries may be required by the State Board to furnish proof of their nonprofit status in addition to any other required notices and forms.</p>	<p>school districts. These libraries include only those defined in Education Code section 18710(m). (2) Libraries operated by public colleges or universities. These include those academic libraries (Education Code section 18710(a)) which are funded primarily with public funds. Academic libraries potentially eligible for these programs include the libraries of the University of California, of the State University and College System, and of the California Community Colleges. (3) Libraries operated by public agencies for institutionalized persons. Libraries for the institutionalized include hospital, correctional, and residential treatment facility libraries which are funded primarily with public funds (i.e. local, state, or federal tax monies). (4) Libraries operated by nonprofit private educational or research institutions. These libraries include those operated by private colleges and universities which maintain nonprofit status under provisions of the federal Internal Revenue Service or the California Franchise Tax laws. These libraries also include those operated by private companies which are primarily devoted to educational or research purposes and which maintain nonprofit status under provisions of the federal Internal Revenue Service or the California Franchise Tax laws. Such libraries may be required by the State Board to furnish proof of their nonprofit status in addition to any other required notices and forms.</p>	
<p>20257. Reimbursable Transaction.</p>	<p>An interlibrary transaction can result in reimbursement under Education Code sections 18744 and 18765 if it consists of the loan of a library material of any type which is collected by a library or if it consists of the provision of a copy in lieu of loan of a library material, from any eligible, participating lending library to any eligible public library as defined in section 20255 and in Education Code sections 18744 and 18765.</p>	<p>An interlibrary transaction can result in reimbursement under Education Code sections 18744 and 18765 if it consists of the loan of a library material of any type which is collected by a library or if it consists of the provision of a copy in lieu of loan of a library material, from any eligible, participating lending library to any eligible public library as defined in section 20255 and in Education Code sections 18744 and 18765.</p>	<p>Removed this section because all reference to the program has been removed from Statute.</p>

<p>20260- Reimbursable Costs.</p>	<p>Reimbursable costs are only those handling costs which a lending library incurs in filling a successfully completed interlibrary loan transaction. The State Board shall periodically, and at least annually, review and approve the cost data and determine an appropriate funding formula which shall be uniform statewide.</p>	<p>Reimbursable costs are only those handling costs which a lending library incurs in filling a successfully completed interlibrary loan transaction. The State Board shall periodically, and at least annually, review and approve the cost data and determine an appropriate funding formula which shall be uniform statewide.</p>	<p>Removed this section because all reference to the program has been removed from Statute.</p>
<p>20265- Participation Records</p>	<p>Participating libraries, both public and nonpublic, shall conform to the following requirements:</p> <p>(a) Reporting. To obtain reimbursement a library shall provide by the deadline reporting date, all required reports of its interlibrary loan transactions in an established form and manner determined by the Board for the period required.</p> <p>(b) Audit. For audit purposes, a record of the interlibrary loan transactions must be maintained for four years.</p> <p>(c) Fees. A library providing an item for interlibrary loan may not collect a handling fee on a transaction for which that library claims an interlibrary loan reimbursement under provisions of this article. A photocopy fee, exclusive of photocopy handling charge, may be collected.</p> <p>(d) Direct Loan Availability. Participating libraries shall make maximum use of available bibliographic access tools to refer users to borrow directly from nearby libraries where requested material is easily available, rather than to process an interlibrary loan.</p> <p>(e) Responsibility for Borrowed Materials. The borrowing library shall be responsible for all items it borrows, and if such item is lost or damaged by the library or its users, the borrowing library may be required by the lending library to make restitution for the item.</p> <p>(f) Adherence to Standards. All participating libraries shall attempt to follow the standards described in the "California Library Services Act Interlibrary Loan Standards," which is hereby incorporated by reference. The State Board may withhold reimbursements to libraries which continually fail to meet the standards of performance.</p>	<p>Participating libraries, both public and nonpublic, shall conform to the following requirements:</p> <p>(a) Reporting. To obtain reimbursement a library shall provide by the deadline reporting date, all required reports of its interlibrary loan transactions in an established form and manner determined by the Board for the period required.</p> <p>(b) Audit. For audit purposes, a record of the interlibrary loan transactions must be maintained for four years.</p> <p>(c) Fees. A library providing an item for interlibrary loan may not collect a handling fee on a transaction for which that library claims an interlibrary loan reimbursement under provisions of this article. A photocopy fee, exclusive of photocopy handling charge, may be collected.</p> <p>(d) Direct Loan Availability. Participating libraries shall make maximum use of available bibliographic access tools to refer users to borrow directly from nearby libraries where requested material is easily available, rather than to process an interlibrary loan.</p> <p>(e) Responsibility for Borrowed Materials. The borrowing library shall be responsible for all items it borrows, and if such item is lost or damaged by the library or its users, the borrowing library may be required by the lending library to make restitution for the item.</p> <p>(f) Adherence to Standards. All participating libraries shall attempt to follow the standards described in the "California Library Services Act Interlibrary Loan Standards," which is hereby incorporated by reference. The State Board may withhold reimbursements to libraries which continually fail to meet the standards of performance.</p>	<p>Removed this section because all reference to the program has been removed from Statute.</p>

System Information

FY 2019/20

System Name: NorthNet Library System			
Director: Carol Frost		Email: frost@plpinfo.org	
Address: 2471 Flores Street		City: San Mateo	State: Zip: CA
Phone:		Fax:	

System Chair for FY 2019/20 (if known):	Fiscal Agent: Pacific Library Partnership
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Date approved by Administrative Council: June 14, 2019

x	
Signature of System Administrative Chair for FY 2019-20	Date
Print Name:	

Demographics of System Service Area

System Population Profile, FY 2019/20

Total Population of System Service Area: _____

Total Population of the System Service Area should come from the State Library certified population numbers

Underserved Population	Number	Percentage of Total Population
Economically Disadvantaged (Below poverty level)	872,431	17.83%
Institutionalized	64,436	1.32%
Aged (65+)	771,468	15.76%
Children & Youth:	284,177	5.81%
• Under 5		
• 5 to 9	305,318	6.24%
• 10 to 14	303,963	6.21%
• 15 to 19	309,971	6.33%
Handicapped	629,699	12.87%
Speakers of limited English or English as a Second Language	455,411	9.31%
Non-English Speaking	1,138,451	23.26%
Ethnicity	257,899	5.27%
• Black		
• Hispanic	1,038,276	21.22%
• Asian	451,516	9.23%
• Native American	56,616	1.16%
• Other (specify)	27,319	0.56%
Geographically Isolated (RURAL) * see note	690,996	14.12%
Functionally Illiterate	391,178	7.99%
Shut-In	239,533	4.89%

List source(s) of this data: (example US Census Bureau, California Library Statistics, Population Projections from Department of Finance)

^a Total Population - American Fact Finder/2011-2015 American Community Survey, Demographic and Housing Estimates (DP05)

^b Economically Disadvantaged - 2010-2014 American Community Survey 5-Year Estimates

^c Institutionalized - American Fact Finder/2010 Profile of General Population and Housing Characteristics (DP-1)

^d Age Demographics - 2009-2013 American Community Survey, Demographic and Housing Estimates (DP05)

^e Handicapped - 2009-2013 American Community Survey, Disability Characteristics (S1810)

^f Speakers of Limited English - 2009-2013 American Community Survey, Selected Social Characteristics in the US (DP02). (Based on population 5 years and over who "Speak English less than 'very well'")

^g Non-English Speaking - 2010-2014 American Community Survey 5-Year Estimates

^h Ethnicity - 2010-2014 American Community Survey 5-Year Estimates

ⁱ Geographically Isolated - American Fact Finder/2010 Census Summary File 1, Urban and Rural (P2). Use 'Rural'

^j Functionally Illiterate - U.S. Dept. of Ed. Institute of Educational Sciences National Assessment of Adult Literacy State and County Estimates of Low Literacy 2013, Released 2009

^k Shut-In - American Fact Finder/ 2009-2013 American Community Survey, Disability Characteristics (based on noninstitutionalized population 18+ "with an independent living difficulty") (S1810)

Describe briefly how this data will be used to plan CLSA-funded services:

This data is use for planning activities of our various committees and to serve all segments of the underserved.

Comments/ Additional Information:

* **Geographically Isolated/ Rural**

For the 2010 Census, the Census Bureau classified as urban all territory, population, and housing units located within urbanized areas (UAs) and urban clusters (UCs), both defined using the same criteria. The Census Bureau delineates UA and UC boundaries that represent densely developed territory, encompassing residential, commercial, and other nonresidential urban land uses. In general, this territory consists of areas of high population density and urban land use resulting in a representation of the "urban footprint." Rural consists of all territory, population, and housing units located outside UAs and UCs.

* Typically, Rural Areas are cities with populations of less than 10,000

C&D Service Program Budget Request FY 2019-2020 (Section 18745)

System Administration

(a) Personnel (Salaries & Personnel)

<u>Classification</u>	<u>FTE/NO of positions</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
See attached sheet	/	\$	\$	\$
	/	\$	\$	\$
	/	\$	\$	\$
	/	\$	\$	\$
	/	\$	\$	\$
Total of (a)	/	\$	\$142,470	\$

(b) Planning, Coordination, & Evaluation (PC&E)

			Total (b)	\$

(c) Indirect Cost (Do not include PC&E and provide description of services)

Contracted services to PLP for fiscal and administrative support and services (preparation of system for audit, budgeting, accounts receivable and payable, contract negotiations, preparation and submission of reports, fiscal accountability.) Includes overhead costs.

			Total of (c)	\$ 14,246

Total of (a-c) \$156,716

Baseline Budget

(d) Operations	
------------------------	--

1. Office supplies	\$1,200
2. Duplication/Photocopy	\$
3. Training (C&D program related)	\$
4. E-Resources (Enki, Zinio, OverDrive, etc.)	\$511,354
5. Contract Services for Delivery (UPS, US Postal Service, Contracted Van) Delivery and Postage	\$148,348
6. System van/vehicle (fuel/insurance/maintenance)	\$
7. Telecommunications (Internet/web/tech support/phone/fax/VOIP/telecomm equipment maintenance/ web software)	\$2,500
Specify what funds were used for: website hosting, conferencing services	\$
8. Resource Sharing (Zip Books, Link+, document depository)	\$
* Breakdown of cost i.e. software/subscription/delivery	
9. Other (with prior approval)	\$
Total of (d)	\$

(e)Capital Outlay		
1. Equipment (specify)	\$	
2. Equipment revolving fund	\$	
Total of (e)	\$	

(f)Anticipated Current (2018/2019) Year-end Balance in the Equipment Revolving Fund	
	\$

	Total of (a-e)	\$663,402
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2019/20 PROPOSED CLSA BUDGET

BUDGET SUMMARY	
Expense Category	Communications & Delivery Program
Salaries & Benefits	\$142,470
PC&E	
Indirect	\$14,246
Sub-total	\$156,716
Operations	\$663,402
Equipment	
Sub-total	\$663,402
TOTAL	820,118

C&D FUNDING: System Administration 20%
 System Baseline 80%

Funding for Communications and Delivery – FY 2019/20

There are two sections to this portion of the plan. The first section requires your best estimate for workload for the physical delivery of items, and estimated totals for e-resources, training, and broadband usage. The second section contains several questions that help us understand your plans for communication and delivery.

Section 1

Estimated Workload of Physical Delivery

Physical Items Sent by:	Physical Items Delivered to:			
	System Member Public Libraries	Non-public Libraries in System Area	TOTAL	
a. System member public library	1,180,000	100	1,180,100	
b. Non-public libraries in System area	100	100	200	
TOTAL	1,180,100	200	1,180,300	
		System Owned	Contracted Vendor	
c. Number of delivery vehicles that physically move items			4	
d. Frequency/schedule of physical delivery service			1 – 3 days	
e. Percentage of items to be physically delivered by:				
U.S. Mail	UPS	System Van	Contracted Van	Other
19.5%	1%	0%	79.5%	0%

Estimated Totals for e-Resources, Training, and Broadband Usage

f. Estimated total number of e-resources to be purchased (circulated/downloaded/streamed, etc.) by residents of System member libraries	Zinio-187 titles Overdrive-55,000
g. Percentage of CLSA funds to be spent on e-resources?	62%
h. Percentage of CLSA funds to be used for Broadband technology improvements	0%

- i. Which member libraries will benefit from Broadband improvements using CLSA allocated funds?
(please list)

As NLS distributes some CLSA funds back to the libraries, some may choose to utilize their portion on Broadband. There are currently no formal plans to use FY 2019/20 C&D funding for broadband connectivity.

Section 2

1. Describe the goals for the Communication and Delivery funding. Please specify how the System will spend its allocation of funding and provide specifics amounts allocated for each service or program. How will the System support the needs of their community? How will the System determine these needs? How will the System **evaluate** that the goals where met and the funding has met the needs of the community?

Delivery – CLSA funds will continue to support the physical movement of resources from one library to another and that enables resource sharing among System members which is a high priority for most NorthNet libraries.

Shared e-resources remain a priority for all NorthNet members, especially those in smaller, more geographically remote areas. With this priority in mind, NLS will continue to commit C&D funds to research the feasibility of implementing a LINK+ or similar model of alternative interlibrary lending of materials within the NorthNet System.

OverDrive, NLS also committed one-time CLSA funding to expand the very popular Overdrive subscription and membership. This investment has proven to be very successful and OverDrive activity has increased across the system. Twenty-seven NLS libraries participate in the LibraryToGo Overdrive consortia. Circulation of Overdrive materials is up 56% over FY 2017/18, and unique users have increased by 53% over same period. Increased activity is attributed to the consortia’s focus to make use of Overdrive features that encourage member libraries to share their local e-collection.

Zinio – Twenty-three NLS member libraries use a blend of CLSA C&D funds as well as local resources to continue supporting the Zinio consortium. The consortium purchase allows members to receive significant discounted subscription rates on electronic periodicals. 187 periodicals purchased in the period of July 1, 2018 – April 30, 2019, with a total circulation of 48,765.

Link+ Since October 2018, NLS has negotiated a Link+ master contract with Innovative Interfaces Inc, absorbing the contracts of the existing Link+ libraries and adding three new NLS libraries (El Dorado County, Sonoma County and Woodland Public libraries). The master contract was signed in February 2019 and will take effect in June 2019 when the three new libraries complete the onboarding process. The shared contract is saving NLS participating libraries nearly \$17,000 annually. The goal over the next three years is to grow the potential of regional resource sharing by getting several more libraries to join this master contract. Thirteen additional libraries

had expressed interest in joining the contract but budgetary and delivery concerns prohibited their membership at this time (Del Norte County, Siskiyou County, and Nevada County are very interested, and Alpine, Butte, Colusa, Folsom, Humboldt, Lincoln, Roseville, Shasta, Sutter and Tehama are interested). NLS staff will continue to meet with Innovative Interfaces and negotiate on behalf of NLS to identify delivery options that may make implementation of Link+ feasible for more NLS libraries.

Knowledge Sharing/Document Repository - NLS, in cooperation with the other eight CA cooperative library systems, continues to support the on-going development of CLSA-INFO, a knowledge-sharing database for systems and libraries statewide. This document sharing tool was created as a direct result of one strategic priority (knowledge-sharing) identified by five of the eight systems.

ILL statistics will continue to be tracked and reported to evaluate if C&D expenditures are meeting the goals of NLS and the communities they serve. Use of shared e-resources will be measured and compared to the most recent fiscal year to demonstrate that aspect of the C&D program for FY 2019/20. We continually monitor effectiveness of services through feedback from member libraries.

2. How will the System's Communication and Delivery funds be disbursed (i.e., system wide, allocated to individual libraries, mix)? If not all libraries are participating in programs/services indicate which ones are and why others are not served (i.e. choice, funds, etc.).

CLSA funds are distributed by formula to NLS libraries. CLSA distribution formula is based on service population and library budget. 80% of NLS CLSA funds are distributed to member libraries. Member libraries contribute additional local resources to support communications and delivery on local level. All NLS member libraries participate in some level of shared resources.

3. Are the programs funded by CLSA being supplemented with local funds and if so how much or what percentage of the funding? Please briefly describe how any non-CLSA funds will be used to support communication and delivery. This information will help to document the significant contributions of non-CLSA funds toward library cooperation in California.

Local funding is dedicated to supplement CLSA to enable effective resource sharing. In FY 2017/18, \$85,875 in local funding (over and above the NLS CLSA allocation) was used to cover primarily delivery costs, but also included funding of shared e-resources. NLS libraries are committed to continue supporting e-resources with local funding, as well as the physical delivery of items within the system, even as delivery costs are expected to increase by 3% in FY 2019/20.

4. If the System is providing e-resources, what exactly are those e-resources? (i.e. number of books, kind of titles, how many libraries are you providing this service to, any circulation statistics if available)

NLS member libraries subscribe to OverDrive and Zinio and receive consortia pricing discounts for these resources. In FY 2018/19, 27 of the 41 NLS public libraries participated in the OverDrive/Library to Go consortia, while 23 NLS public libraries subscribed to Zinio. OverDrive

continues to be very popular and well used with NLS patrons. As noted above, since July 1, 2018 through April 30, 2019, Overdrive circulation has increase 56% with a total of 541,401 e-resources circulating in 10 months, far surpassing 12 months of circ stats of both Zinio and Overdrive in prior fiscal year.

5. Describe the System's current delivery model. Specify if it changed from last year or if the System will be making any changes in the upcoming year.

Due to the geographic size of our region, NLS libraries use a combination of several delivery models including US Postal Service and private delivery services for remote locations with low volume as well as contracted services by delivery companies for moving high volume loads between member libraries using a shared ILS in more populated areas.

NLS member libraries continue to seek out more economical and efficient methods to move materials. A feasibility Study was commissioned by NLS to review current delivery methods throughout the system and to develop a cost/benefit analysis of implementing an alternative resource sharing and delivery model. The Study, completed in Spring 2018, identified several possible options that are now being reviewed and to be considered in the expansion of Link+.

6. What is the estimated average cost (including library and system staff time) to move one item in the region? Please provide a description of how the System utilized C&D administrative funding? (i.e. staff, what type of staff, do which program did you allocate staff, how much time was allocated)

Because of the variations in delivery demand and method, the costs differ from one region to another. For contracted services, costs are based on volume, number of stops and distance. Cost of shipping items through package delivery is determined based on weight and other variables. Approximately 17 of the 41 NLS member libraries utilize a contract courier service to move items, in addition to their local branch-to-branch delivery.

Administrative funding is allocated to .33 FTE of the Coordinator's salary, .3 FTE support staff, .2 FTE of the Office Manager, .1 FTE of the Controller, and .08 FTE of the CEO salary. The allocated time supports attending 10-12 Council and Committee meetings annually to support the three legacy systems of NLS as well as the NLS Executive Committee and Administrative Council; work with members and the Executive Committee to allocate CLSA funds; oversee contract negotiations for work related to expenditures of funds; work with accounting staff to ensure all CLSA budgets and reports are submitted and ensure compliance; liaison with California Library Staff, attend California Library Service Board meetings. The funding is allocated across all programs, including applying for and administering local, regional and statewide grants.

7. Will the System be using any of the communications funding to address broadband connectivity issues? If so what were the funds used for and what were the connectivity issues?

Broadband is of great interest, and several NLS libraries continue to benefit from the original California Public Library's Broadband Project. That grant funding allowed several NLS member libraries to leverage local funding in order to apply for State funds and to significantly increase

their broadband capabilities. The geographic span of NLS and the large number of members (41), however, means that broadband connectivity will not come to all members at the same time or in the same way. NLS staff will encourage member libraries to apply for the new Broadband funding offered through the California State Library as many NLS libraries would qualify under the targeted “hard to connect library locations.”

As NLS distributes some CLSA funds back to the libraries, some may choose to utilize their portion on Broadband. There are currently no formal plans to use FY 2019/20 C&D funding for broadband connectivity.

Future Plans for Cooperative System

Given the uncertainty of State funding, how is your cooperative system preparing and planning for the future? How will the System be funded? What services are priorities? And lastly, how will your system evolve?

In FY 2017/18, NLS established a reserve policy which will ensure safeguards for the organization. The target minimum Operating Reserves Fund is equal to three months of the operating budget costs. The amount of the Operating Reserves Fund target minimum will be calculated each year after approval of the annual budget, reported to the Executive Committee, and included in the regular financial reports.

NLS will continue to use the Strategic Directions established in FY 2016/17 to identify service priorities, including member asset mapping, staff training and development, content development and support of the knowledge sharing platform (CLSAInfo.org), and Zip Books.

Zip Books is the statewide initiative that serves as an alternative to ILL with a “buy v borrow” procurement model. This program began as an LSTA project but is now fully funded with state funds. As of October 2018, NLS administers the Zip Books statewide initiative and has made significant improvements in expenditure forecasting, accounting procedures, activity monitoring and on-going high-touch communication with participating libraries. At the request of those participating libraries and in consultation with the State Library, numerous policy and procedural revisions have been made whereby libraries have more opportunities to meet the needs and requests of their patrons. Zip Books Usage has increased with these policy revisions. To date, 69 public libraries participate in the Zip Books project with several others indicating interest and plan to be added at the start of the new fiscal year.

Other Grants

NLS, in collaboration with Pacific Library Partnership and the Black Gold Cooperative Library System, received LSTA funding for “*Career Visioning for New Adults in Rural California*,” to support workforce development for new adults in rural and other communities within these systems. Workshops have been held and will continue through September 2019. Content of workshops includes job skill and employment resources to help new and other adults create and plan for their future long-term career path, sustainable employment and self-sufficiency.

Based on very recent and past experience of many NLS libraries in dealing with natural disasters, NLS is applying for a FY 2019/20 LSTA competitive grant to create a Disaster Response Resource

Guide that will focus on how the library can provide inspiration and guidance for the human part of the recovery process at the staff, patron and community level. More than an operational guide, the NLS proposed project will address various dimensions of communities at different phases after a crisis, such as how to support evacuation centers and tent cities. Libraries can play a special role for the most vulnerable populations during displacement, such as immigrant communities. Relevant excerpts from NorthNet’s earlier Libraries Lead the Way Community Engagement Training program will also be readily available content along with Harwood resources, supporting libraries in developing community relationships ahead of a crisis. Other source material will include library reports, current disaster manuals for libraries, news coverage and best practices from the field of “community resilience.”

System Pension Liability

Please also provide any Pension Liability for the Cooperative Library Systems including Legacy Systems.

NorthNet’s membership is comprised of three legacy systems: Mountain Valley Library System (MVLS), North State Cooperative Library System (NSCLS), and North Bay Cooperative Library System (NBCLS). Each of these 3 agencies previously had employees, but currently have no active employees. All three belonged to CalPERS, and have pension liability. NorthNet itself has no employees (it contracts with the Pacific Library Partnership) and thus has no pension liability. Each of the three legacy systems have been paying their unfunded pension liability for the last several years, and were notified in Spring 2019 that CalPERS has changed their formula to a 15-year payoff of unfunded liability for agencies with nonactive members. MVLS’s accrued liability is \$1,013,685; NBCLSs accrued liability is \$2,742,370 and NSCLS’s accrued liability is \$2,157,894.

NorthNet Indirect - Personnel

Classification	FTE	Salary
PLP CEO	.08/1	\$18,955
Coordinator	.33/1	\$50,700
Controller	.10/1	\$19,999
Office Manager	.2/1	\$26,075
Administrative Assistant	.04/1	\$4,100
Management Analyst	0.09/1	\$11,408
Account Clerk	0.08/1	\$7,256
Administrative Assistant	.10/1	\$3,977
TOTAL		\$142,470



SISKIYOU COUNTY LIBRARY

719 Fourth Street
 Yreka, California 96097
 (530) 842-8805 FAX: (530) 842-7001

MICHAEL PERRY, COUNTY LIBRARIAN
 mperry@co.siskiyou.ca.us

May 7, 2019

There are some observations I would like share with the Executive Committee as I have worked on Overdrive and Zinio, and exploring adding Flipster.

I'd like some feedback from the Executive Committee about how NorthNet might improve the current process for assigning costs to library systems for these (and future) services, and how those changes could favor systems choosing to opt-in to a service, rather than opt-out.

1) **Not all library systems have enough C&D allocation to cover current services.**

A minority of libraries pay NorthNet because the cost of their consortia services exceeds their C&D allocation.

This makes it challenging to increase budgets for the services like Overdrive and Zinio because these few systems have to absorb the increase costs at the local level (as they cannot absorb it with unused C&D funds).

And since they are in the minority, they could become captive users on a service because the majority of the libraries who have excess C&D funds can vote to increase the budget.

2) **Some libraries have a significant unused CLSA funds and limited ways to spend it**

This year 15 systems contributed over \$73,000 of unused C&D funds to Overdrive's budget. For comparison, the consortia's entire budget for was \$52,000.

Put another way, half of the 28 libraries matched the Overdrive budget and **then provided 40% more funding** with their unused C&D funds.

3) **Chicken & Egg problem for starting new services**

When I sought interest in Flipster, 7 of the 14 respondents were "on the fence" and could not commit up or down because they needed to know the pricing first. But Ebsco wouldn't provide a pricing until it knew how many systems were participating.

4) Vendors who only considers the consortia has a whole

As it turned out, Ebsco would only quote Flipster based on population served by the entire NorthNet consortia, irrespective of which systems opt-in.

If vendors do not take into account those opting in or out, should NorthNet view this service as a cost to the whole consortia and not bill individual library systems?

5) A library discontinues a service because of cost increase in another

Folsom library is likely to discontinue Zinio service next year because of the increase of the Overdrive budget and the fact that they owe money each year (see item #1), not because the service isn't being used or isn't of value to Folsom.

6) Preventing death-spiral for a service

If Folsom leaves Zinio, the cost for the remaining libraries will increase and may cause another library to re-evaluate the value of the service and decide not to renew as well.

And if another library leaves, this could lead to a death-spiral where more libraries opt-out due to the cost increase, which increases costs to the remaining system until it reaches a point that the services cost cannot be supported by the small group that remains.

Thank you for taking the time to discuss this at your meeting.

Overdrive Budget Proposal – FY 19/20

Summary

For FY 19/20, we are considering two changes to previous budgets:

1. Changing the **distribution formula** for calculating what each library systems owes
2. Doubling the **materials budget** from \$34,000 to \$68,000

Distribution formula

The factors in the original distribution formula are not well understood (and partially lost). It would take a lot of time/energy to re-engineer them for the current state of the group.

Instead, I considered a fresh start that would determine a library system's cost based equally on its

1. Share of unique Overdrive users
2. Share of circulation on consortia titles

Materials Budget

The consortia-based Overdrive budget has remained unchanged since its inception in 2010:

- \$18,600 for the Overdrive platform Fee (to host the purchased materials)
- \$34,000 for Materials (EBooks, Audiobooks, Simultaneous Use plans, etc.)

In the past two years, the consortia benefitted from over \$125,000 in one-time CLSA funds to improve material purchases.

While it isn't realistic to replace the one-time funds by increasing the consortia budget accordingly, it is important to set a collection development budget such that the membership can reasonably meet the current needs.

Based on the historic materials budget, and the past two years of super-charged injection of one-time funds, I settled on a budget that was twice the historic level as a reasonable starting point.

FY 19/20 Proposed Cost (by Library System)

Based on the following platform and materials budget, each library systems cost for FY 19/20 is shown under the “FY 19/20 (Proposed)” column in green:

- \$18,600 for Platform Fee
- \$68,000 for Materials

Library System	FY 19/20 (Proposed)	FY 18/19 (Actual)
Alpine County Library	\$ 115	\$ 230
Benicia Public Library	\$ 1,987	\$ 1,068
Butte County Library	\$ 4,207	\$ 4,295
Colusa County Library	\$ 149	\$ 422
Del Norte County Library District	\$ 432	\$ 621
Dixon Public Library	\$ 322	\$ 518
El Dorado County Library	\$ 10,059	\$ 4,195
Folsom Public Library	\$ 4,217	\$ 1,934
Humboldt County Library	\$ 5,199	\$ 3,423
Lassen Library District	\$ 236	\$ 416
Lincoln Public Library	\$ 2,910	\$ 1,227
Modoc County Library	\$ 161	\$ 346
Mono County Library	\$ 770	\$ 663
Napa County Library	\$ 7,298	\$ 2,431
Nevada County Library	\$ 6,708	\$ 3,168
Orland Free Library	\$ 314	\$ 394
Placer County Library	\$ 10,092	\$ 5,899
Plumas County Library	\$ 518	\$ 541
Roseville Public Library	\$ 8,539	\$ 3,415
Shasta Public Library	\$ 8,381	\$ -
Siskiyou County Library	\$ 1,066	\$ 1,515
Solano County Library	\$ 7,394	\$ 7,274
St. Helena Public Library	\$ 969	\$ 545
Sutter County Library	\$ 1,454	\$ 1,941
Tehama County Library	\$ 687	\$ 1,156
Trinity County Library	\$ 306	\$ 521
Willows Public Library	\$ 192	\$ 642
Woodland Public Library	\$ 1,664	\$ 1,497
Yuba County Library	\$ 256	\$ 1,721
	\$ 86,600	\$ 52,018

Details for Budget Calculation

Cost-share based on Unique Users in 2018

Half of the budget was assessed based on your library's share of unique Overdrive users in calendar year 2018:

- \$9,300 for Platform Fee (Half of \$18,600)
- \$34,000 for Materials (Half of \$68,000)

Each library system's cost-share based on Unique Users is shown in the blue column.

FY 19/20 Budget based on share of Unique Users					
Library	Unique Users (2018)	Share of Users (2018)	Platform	Content	FY 19/20 (User Share)
Alpine County Library	42	0.13%	\$ 12	\$ 43	\$ 55
Benicia Public Library	918	2.77%	\$ 257	\$ 940	\$ 1,197
Butte County Library	1,583	4.77%	\$ 444	\$ 1,621	\$ 2,065
Colusa County Library	50	0.15%	\$ 14	\$ 51	\$ 65
Del Norte County Library Dis	127	0.38%	\$ 36	\$ 130	\$ 166
Dixon Public Library	136	0.41%	\$ 38	\$ 139	\$ 177
El Dorado County Library	4,036	12.16%	\$ 1,131	\$ 4,134	\$ 5,265
Folsom Public Library	1,780	5.36%	\$ 499	\$ 1,823	\$ 2,322
Humboldt County Library	1,699	5.12%	\$ 476	\$ 1,740	\$ 2,216
Lassen Library District	80	0.24%	\$ 22	\$ 82	\$ 104
Lincoln Public Library	1,108	3.34%	\$ 310	\$ 1,135	\$ 1,445
Modoc County Library	48	0.14%	\$ 13	\$ 49	\$ 63
Mono County Library	270	0.81%	\$ 76	\$ 277	\$ 352
Napa County Library	3,427	10.32%	\$ 960	\$ 3,510	\$ 4,470
Nevada County Library	2,674	8.06%	\$ 749	\$ 2,739	\$ 3,488
Orland Free Library	87	0.26%	\$ 24	\$ 89	\$ 113
Placer County Library	4,088	12.32%	\$ 1,145	\$ 4,187	\$ 5,333
Plumas County Library	165	0.50%	\$ 46	\$ 169	\$ 215
Roseville Public Library	3,552	10.70%	\$ 995	\$ 3,638	\$ 4,633
Shasta Public Library	1,955	5.89%	\$ 548	\$ 2,002	\$ 2,550
Siskiyou County Library	362	1.09%	\$ 101	\$ 371	\$ 472
Solano County Library	3,052	9.19%	\$ 855	\$ 3,126	\$ 3,981
St. Helena Public Library	348	1.05%	\$ 97	\$ 356	\$ 454
Sutter County Library	504	1.52%	\$ 141	\$ 516	\$ 657
Tehama County Library	220	0.66%	\$ 62	\$ 225	\$ 287
Trinity County Library	82	0.25%	\$ 23	\$ 84	\$ 107
Willows Public Library	60	0.18%	\$ 17	\$ 61	\$ 78
Woodland Public Library	649	1.96%	\$ 182	\$ 665	\$ 847
Yuba County Library	92	0.28%	\$ 26	\$ 94	\$ 120
	33,194	100.00%	\$ 9,300	\$ 34,000	\$ 43,300

Example of calculation for Unique Users cost-share

Unique users are the count of a library system's users who borrowed at least one title from the Overdrive collection in 2018.

For example, Alpine County's share of Overdrive users in 2018 was

$$\frac{42 \text{ Alpine users}}{33,194 \text{ Total users}} = 0.126\%$$

(Percentages rounded to the nearest hundredth for the table but exact value used for the calculation)

For the platform share cost:

$$0.126\% \times \$9,300 \approx \$12.00$$

(all figures are rounded up or down to the nearest dollar)

For the content share cost:

$$0.126\% \times 34,000 \approx \$43.00$$

(all figures are rounded up or down to the nearest dollar)

Together they give Alpine County's cost-share of *half* the total budget based on their share of Unique Users:

$$\$12.00 + \$43.00 = \$55.00$$

Note

Shasta Public Library was not a part of the consortia in 2018 so its numbers are based on their local Overdrive statistics for their own Overdrive collection in 2018. While not apples-to-apples, and likely over-representative, it was the easiest way to include a new library system in the consortia calculation. These numbers should adjust after the first year.

Based on Share of Circulation in 0218

Half of the budget was assessed based on your library's share of unique Overdrive users in calendar year 2018:

- \$9,300 for Platform Fee (Half of \$18,600)
- \$34,000 for Materials (Half of \$68,000)

Each library system's share based on Circulation is shown in the orange column.

FY 19/20 Budget based on Circulation Share					
Library	Consortia Circ only (2018)	Share of Circulation (2018)	Platform	Content	FY 19/20 (Circ Share)
Alpine County Library	358	0.14%	\$ 13	\$ 47	\$ 60
Benicia Public Library	4,691	1.82%	\$ 170	\$ 620	\$ 789
Butte County Library	12,728	4.95%	\$ 460	\$ 1,682	\$ 2,142
Colusa County Library	496	0.19%	\$ 18	\$ 66	\$ 83
Del Norte County Library Dis	1,584	0.62%	\$ 57	\$ 209	\$ 267
Dixon Public Library	860	0.33%	\$ 31	\$ 114	\$ 145
El Dorado County Library	28,491	11.07%	\$ 1,030	\$ 3,765	\$ 4,794
Folsom Public Library	11,262	4.38%	\$ 407	\$ 1,488	\$ 1,895
Humboldt County Library	17,726	6.89%	\$ 641	\$ 2,342	\$ 2,983
Lassen Library District	780	0.30%	\$ 28	\$ 103	\$ 131
Lincoln Public Library	8,701	3.38%	\$ 314	\$ 1,150	\$ 1,464
Modoc County Library	583	0.23%	\$ 21	\$ 77	\$ 98
Mono County Library	2,482	0.96%	\$ 90	\$ 328	\$ 418
Napa County Library	16,802	6.53%	\$ 607	\$ 2,220	\$ 2,827
Nevada County Library	19,133	7.44%	\$ 692	\$ 2,528	\$ 3,220
Orland Free Library	1,191	0.46%	\$ 43	\$ 157	\$ 200
Placer County Library	28,280	10.99%	\$ 1,022	\$ 3,737	\$ 4,759
Plumas County Library	1,797	0.70%	\$ 65	\$ 237	\$ 302
Roseville Public Library	23,207	9.02%	\$ 839	\$ 3,066	\$ 3,905
Shasta Public Library	34,651	13.47%	\$ 1,252	\$ 4,579	\$ 5,831
Siskiyou County Library	3,530	1.37%	\$ 128	\$ 466	\$ 594
Solano County Library	20,283	7.88%	\$ 733	\$ 2,680	\$ 3,413
St. Helena Public Library	3,059	1.19%	\$ 111	\$ 404	\$ 515
Sutter County Library	4,732	1.84%	\$ 171	\$ 625	\$ 796
Tehama County Library	2,377	0.92%	\$ 86	\$ 314	\$ 400
Trinity County Library	1,183	0.46%	\$ 43	\$ 156	\$ 199
Willows Public Library	678	0.26%	\$ 25	\$ 90	\$ 114
Woodland Public Library	4,856	1.89%	\$ 176	\$ 642	\$ 817
Yuba County Library	809	0.31%	\$ 29	\$ 107	\$ 136
	257,310	100.00%	\$ 9,300	\$ 34,000	\$ 43,300

Example of calculation for Circulation Share cost-share

The circulation data collected for 2018 reflects circulation on titles purchased by the consortia only (and not circulation on titles shared with the consortia) so that systems that purchased locally and shared were not punished for sharing the titles.

For example, Alpine County's share of circulation of consortia title in 2018 was

$$\frac{358 \text{ Alpine circulations}}{257,310 \text{ total circulations}} = 0.139\%$$

*(Percentages rounded to the nearest hundredth for the table
but exact value used for the calculation)*

For the platform share cost:

$$0.139\% \times \$9,300 \approx \$13.00$$

(all calculations are rounded up or down to the nearest dollar)

For the content share cost:

$$0.139\% \times 34,000 \approx \$47.00$$

(all figures are rounded up or down to the nearest dollar)

Together gives Alpine County's cost-share of half the budget based on their share of Circulation on consortia-purchased titles:

$$\$13.00 + \$47.00 = \$60.00$$

Note

Shasta Public Library was not a part of the consortia in 2018 so its numbers are based on their local Overdrive statistics for their own Overdrive collection in 2018. While not apples-to-apples, and likely over-representative, it was the easiest way to include a new library system in the consortia calculation. These numbers should adjust after the first year

Final Budget calculation

Combining both of these calculations gives the final amount for FY 19/20

1. Each library system's share based on Unique Users is shown in the blue column.
2. Each library system's share based on Circulation is shown in the orange column.
3. Combined amount shown in the green column (matching values shown on page 2)
4. Current assessed costs for FY 18/19 in last column, for easy reference

FY 19/20 Draft Proposal				
Library	FY 19/20 (User Share)	FY 19/20 (Circ Share)	FY 19/20	FY 18/19
Alpine County Library	\$ 55	\$ 60	\$ 115	\$ 230
Benicia Public Library	\$ 1,197	\$ 789	\$ 1,987	\$ 1,068
Butte County Library	\$ 2,065	\$ 2,142	\$ 4,207	\$ 4,295
Colusa County Library	\$ 65	\$ 83	\$ 149	\$ 422
Del Norte County Library District	\$ 166	\$ 267	\$ 432	\$ 621
Dixon Public Library	\$ 177	\$ 145	\$ 322	\$ 518
El Dorado County Library	\$ 5,265	\$ 4,794	\$ 10,059	\$ 4,195
Folsom Public Library	\$ 2,322	\$ 1,895	\$ 4,217	\$ 1,934
Humboldt County Library	\$ 2,216	\$ 2,983	\$ 5,199	\$ 3,423
Lassen Library District	\$ 104	\$ 131	\$ 236	\$ 416
Lincoln Public Library	\$ 1,445	\$ 1,464	\$ 2,910	\$ 1,227
Modoc County Library	\$ 63	\$ 98	\$ 161	\$ 346
Mono County Library	\$ 352	\$ 418	\$ 770	\$ 663
Napa County Library	\$ 4,470	\$ 2,827	\$ 7,298	\$ 2,431
Nevada County Library	\$ 3,488	\$ 3,220	\$ 6,708	\$ 3,168
Orland Free Library	\$ 113	\$ 200	\$ 314	\$ 394
Placer County Library	\$ 5,333	\$ 4,759	\$ 10,092	\$ 5,899
Plumas County Library	\$ 215	\$ 302	\$ 518	\$ 541
Roseville Public Library	\$ 4,633	\$ 3,905	\$ 8,539	\$ 3,415
Shasta Public Library	\$ 2,550	\$ 5,831	\$ 8,381	\$ -
Siskiyou County Library	\$ 472	\$ 594	\$ 1,066	\$ 1,515
Solano County Library	\$ 3,981	\$ 3,413	\$ 7,394	\$ 7,274
St. Helena Public Library	\$ 454	\$ 515	\$ 969	\$ 545
Sutter County Library	\$ 657	\$ 796	\$ 1,454	\$ 1,941
Tehama County Library	\$ 287	\$ 400	\$ 687	\$ 1,156
Trinity County Library	\$ 107	\$ 199	\$ 306	\$ 521
Willows Public Library	\$ 78	\$ 114	\$ 192	\$ 642
Woodland Public Library	\$ 847	\$ 817	\$ 1,664	\$ 1,497
Yuba County Library	\$ 120	\$ 136	\$ 256	\$ 1,721
	\$ 43,300	\$ 43,300	\$ 86,600	\$ 52,018

Libraries that might be adversely impacted

Under this new distribution formula, there are libraries that are assessed more than they had been under the previous formula – even accounting for the increase in materials budget.

There are 10 libraries that will be assessed more than 50% for FY 19/20 based on their historic costs (percentages shown in red in the final column) with this new budget proposal:

FY 19/20 Draft Proposal						
Library	Platform Share	FY 19/20 (User Share)	FY 19/20 (Circ Share)	FY 19/20	FY 18/19	Change
Alpine County Library	\$ -	\$ 55	\$ 60	\$ 115	\$ 230	-50%
Benicia Public Library	\$ -	\$ 1,197	\$ 789	\$ 1,987	\$ 1,068	86%
Butte County Library	\$ -	\$ 2,065	\$ 2,142	\$ 4,207	\$ 4,295	-2%
Colusa County Library	\$ -	\$ 65	\$ 83	\$ 149	\$ 422	-65%
Del Norte County Library District	\$ -	\$ 166	\$ 267	\$ 432	\$ 621	-30%
Dixon Public Library	\$ -	\$ 177	\$ 145	\$ 322	\$ 518	-38%
El Dorado County Library	\$ -	\$ 5,265	\$ 4,794	\$ 10,059	\$ 4,195	140%
Folsom Public Library	\$ -	\$ 2,322	\$ 1,895	\$ 4,217	\$ 1,934	118%
Humboldt County Library	\$ -	\$ 2,216	\$ 2,983	\$ 5,199	\$ 3,423	52%
Lassen Library District	\$ -	\$ 104	\$ 131	\$ 236	\$ 416	-43%
Lincoln Public Library	\$ -	\$ 1,445	\$ 1,464	\$ 2,910	\$ 1,227	137%
Modoc County Library	\$ -	\$ 63	\$ 98	\$ 161	\$ 346	-54%
Mono County Library	\$ -	\$ 352	\$ 418	\$ 770	\$ 663	16%
Napa County Library	\$ -	\$ 4,470	\$ 2,827	\$ 7,298	\$ 2,431	200%
Nevada County Library	\$ -	\$ 3,488	\$ 3,220	\$ 6,708	\$ 3,168	112%
Orland Free Library	\$ -	\$ 113	\$ 200	\$ 314	\$ 394	-20%
Placer County Library	\$ -	\$ 5,333	\$ 4,759	\$ 10,092	\$ 5,899	71%
Plumas County Library	\$ -	\$ 215	\$ 302	\$ 518	\$ 541	-4%
Roseville Public Library	\$ -	\$ 4,633	\$ 3,905	\$ 8,539	\$ 3,415	150%
Shasta Public Library	\$ -	\$ 2,550	\$ 5,831	\$ 8,381	\$ -	
Siskiyou County Library	\$ -	\$ 472	\$ 594	\$ 1,066	\$ 1,515	-30%
Solano County Library	\$ -	\$ 3,981	\$ 3,413	\$ 7,394	\$ 7,274	2%
St. Helena Public Library	\$ -	\$ 454	\$ 515	\$ 969	\$ 545	78%
Sutter County Library	\$ -	\$ 657	\$ 796	\$ 1,454	\$ 1,941	-25%
Tehama County Library	\$ -	\$ 287	\$ 400	\$ 687	\$ 1,156	-41%
Trinity County Library	\$ -	\$ 107	\$ 199	\$ 306	\$ 521	-41%
Willows Public Library	\$ -	\$ 78	\$ 114	\$ 192	\$ 642	-70%
Woodland Public Library	\$ -	\$ 847	\$ 817	\$ 1,664	\$ 1,497	11%
Yuba County Library	\$ -	\$ 120	\$ 136	\$ 256	\$ 1,721	-85%
	\$ -	\$ 43,300	\$ 43,300	\$ 86,600	\$ 52,018	

Of those ten, four of them (El Dorado, Humboldt, Nevada and Roseville) re-directed part of their unused FY 18/19 CLSA C&D funds to Overdrive.

- While it is an assumption, this likely indicates that they will be able to absorb the cost increase with their anticipated share of CLSA C&D funds for FY 19/20 and have less unused C&D funds to re-allocate mid-year through the fiscal year.

Of the remaining six, three of the library systems (Lincoln, Napa and Placer) had unused CLSA C&D funds in FY 18/19 but did not re-allocate their unused portion to Overdrive

- It is unclear if these libraries will be able to absorb the cost increase with their CLSA C&D funds in FY 19/20. They may have less funds to use locally, or even owe money to NorthNet because this increase is more than their allocation.

The final three library systems (Benicia, Folsom and St. Helena) don't receive any CLSA C&D funds because their existing C&D funds don't entirely cover their services.

- These three systems are the most vulnerable to budget increases since they have no unused C&D funds to spare. Every dollar increase will have to be absorbed locally.

If there are library systems that will have a hard time with this budget assessment, please contact me.

Collectively we may be able to arrange a solution that could help systems adjust local resources and be able to meet the new Overdrive budget assessment in future years.

If there are significant issues with this budget proposal for your library system, please let me know by April 19, 2019. This will give the Overdrive group time to meet and discuss alternate budgets arrangements ahead of the submission to the NorthNet Executive Committee.



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www.northnetlibs.org

To: NLS Executive Committee
From: Carol Frost, CEO, Pacific Library Partnership
Subject: Review and Approval of FY 2019/19 NLS/PLP Contract for Administrative and Fiscal Services
Date: May 17, 2019

Background

When PLP was awarded the NLS/PLP contract for fiscal and administrative services in February 26, 2018, it was agreed that a contract with baseline services would be provided, and that PLP would discuss with the Executive Committee the work which NLS foresees in the upcoming fiscal year which is beyond the baseline and negotiate additional costs for that work. The purpose of this memo is to discuss the baseline costs and the projected additional services for FY 2019/20 and associated costs.

Discussion of Baseline Budget

The FY 2019/20 baseline contract includes preparing and monitoring budgets and contracts such as Zinio, OverDrive, and Gale; contracts with delivery vendors; oversight of PLSEP, filing regular CalPERS paperwork; invoice payment, billing and distribution of CLSA funds, preparing meeting agenda packets for NLS as well as the three legacy systems, and other general support. It includes 8 hours per week of the Coordinator's time. The FY 2019/20 baseline contract is \$128,780 which is a 3% increase from the previous fiscal year.

This increase is attributed to a PLS salary study, which had not been done in 16 years. A revised salary schedule has been adopted which begins in July 2019, which results in increased salaries for most staff and resolves several compaction issues. Because the City of San Mateo has adopted a minimum wage ordinance which is tied to the CPI, PLS will annually increase all salaries at the CPI rate starting in July 2020, which will affect future costs for this contract.

Discussion of Additional Work

As is the case from previous years, it is anticipated that NLS will be in need of work above and beyond the baseline services. Those activities included the work regarding the continued CalPERS obligations for the legacy systems; continued work for the NLS Link+ study and associated advocacy with the State Library and California Library Services Board. NLS has also applied for an LSTA grant, Disaster Response and Recovery Resource Guide, which represents work of the Coordinator as well as grant monitoring. Because of those additional activities, the System Coordinator's time has been increased from 8 hours per week to 14 hours per week, along with slight increases in other staff support. The proposed FY 2019/20 Contract for Additional Work is an additional \$28,400, for a combined total of \$157,180.

It should be noted that NLS is currently responding to a Zip Book Administrator RFP for 2019-21. Should that be awarded to NLS, the cost of the contract will increase due to the need to hire the Zip Books Contractor, and additional time for staff and the Coordinator.



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Recommendation

It is recommended that the NLS Executive Committee consider approval of the baseline contract and the Contract for Additional Work for FY 2019/20, and recommend approval to the NLS Administrative Council. Should NLS be awarded the Zip Books grant, this could be presented as an addendum to the contract at the June Administrative Council meeting.



Pacific Library Partnership

PLP / NorthNet Contract FY 2019/20

<u>Staff</u>	<u>FTE</u>		<u>Total</u>
<u>Administration</u>			
CEO	0.05	2 hours/week at \$121.51/hour <i>Provide oversight; work with Executive Committee and Coordinator</i>	\$12,637
Office Manager	0.20	8 hours/week @ \$62.68/hour <i>Manage website, listservs and rosters. Point of contact for System Delivery and PLSEP grant. Prepare and distribute agenda packets and minutes, manage UPS accounts, delivery contracts, set up conference calls for committees.</i>	\$26,075
Administrative Assistant II	0.04	1.50 hours/week @ \$52.57/hour <i>Prepare system contracts, open mails, mail ILL materials coordinate Form 700s.</i>	\$4,100
Subtotal - Administration	<u>0.29</u>		<u>\$42,812</u>
<u>Fiscal Accounting</u>			
Controller	0.10	4 hours/week @ \$96.15 <i>Prepare/monitor budget, authorize and approve payments. Prepare reports/paperwork for audit, prepare financial reports for State and local government. Coordinate database and eContent contract renewal, review delivery contracts/services</i>	\$19,999
Account Clerk	0.08	3 hours/week at \$46.51 <i>Process payables weekly, prepare invoices, prepare deposits</i>	\$7,256
Fiscal/Admin Services Spec.	0.09	3.5 hours/week at \$ 62.68 <i>Prepare invoices and deposits, reconcile bank statements prepare CalPERS reports, prepare document for liability insurance</i>	\$11,408
Administrative Assistant	0.10	4 hours/week at \$19.12/hour <i>Filing, prepare Holiday Schedule, mail checks and invoices</i>	\$3,977
Subtotal - Fiscal Acctg	<u>0.36</u>		<u>\$42,639</u>
Total Administration/Fiscal Accounting			<u>\$85,452</u>
Coordinator	0.20	8 hours/week at \$75/hour <i>Distribute legislative, CLSA and other State Library Correspondence, prepare agenda with Executive Council committee, take Council and Executive meeting minutes, work with CalPERS related issues Prepare CLSA Plan of Service and annual reports</i>	\$31,200
			<u>\$116,652</u>
Mileage			
3 round trips @242 mile@ 58 cents per mile			\$421
Total			<u>\$117,073</u>
10% Overhead			\$11,707
Total FTE	<u>0.85</u>	Grand Total	<u>\$128,780</u>

Additional Proposed Work: PLP / NorthNet Contract FY 2019/20

The following additional services will be provided to NLS for FY 2019/20

Continuing the work of the NLS Link+ study, including continued work with costs, contracts and implementation with additional libraries; developing plan for CLSB meeting.

Further work related to CalPERS obligations for legacy systems; developing cost share formulas, working with CalPERS and attorney as needed

Work related to the LSTA regional grant “Disaster Response and Recovery Resource Guide”

Note: NLS grant includes \$8,300 for NLS Coordinator's time

Should NLS receive the Zip Books statewide grant, additional work is required.

<u>Staff</u>	<u>Additional Hours</u>	<u>Total</u>
CEO	1 hour/week at \$121.5/hour	\$6,318
Coordinator	5 hours/week at \$75/hour	\$19,500
Subtotal		<u>\$25,818</u>
	10% Overhead	\$2,582
	Grand Total	<u>\$28,400</u>
Current Contract		\$128,780
TOTAL CONTRACT		<u>\$157,180</u>



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To: NLS Executive Committee
From: Andrew Yon, Controller
Subject: Analysis of 10% Administrative Fee
Date: May 17, 2019

Background

At the November 2018 NLS Executive Committee, there was a question about whether the 10% Administrative Fee is still needed. When it was developed in 2013, the tiered system was used to allocate contract management fees when all library budgets were struggling and this tiered system seemed the most equitable way to share contract expense, since no administrative support was available. It was noted by a member who helped develop the model that the tiered system to allocate contract management fees is similar to a cafeteria plan that fairly allocates cost of these services to only the libraries using the services. This model is similar to a grant administration model that includes administrative costs.

It was noted that with Federal and State grants, it is customary to charge 10% for indirect services, such as contract management, and in this case, all fees collected are returned to NLS. These fees are included in the PLP/NLS contract as a means of covering the services.

It was asked if an analysis of the 10% administrative fee could be reviewed to determine if it could be eliminated or reduced.

The Administrative Fee as it Applies to the FY 2019/20 Budget

The Fee Schedule includes a 10% administrative fee on the products and services on the schedule, including OverDrive, Zinio, Link+ and Delivery. Below is revenue from these services:

Delivery	OverDrive	Gale	Zinio	Link+	Total
\$23,242	\$8,660	\$425	\$5,625	\$23,748	\$61,700

The base membership dues for NLS is \$81,158, and with the total of the administrative fees, is \$142,858. This \$142,858 is added to the revenue in the NLS Admin Budget. These funds, along with revenue from CLSA, grants indirect, and interest, total \$330,452, with \$89,662 unallocated membership fees, and \$50,000 of funds allocated to staff development.

Should the \$61,700 be removed from the budget, this would result in using the unallocated membership fees, which would reduce that amount to \$27,962. Any unspent membership money goes into the fund balance at the end of each year. The FY 2019/20 budget is the first budget that includes the cost for Link+ and the related administrative fee of \$23,748.

Some of the economic factors for consideration for revenue include:

- Whether NLS has an indirect from grant administration. For the last few years, NLS has administered regional grants and Zip Books. Should this revenue be decreased or eliminated, this would have a negative impact on the revenue.
- The revenue assumes a constant source of about \$155,000 of CLSA funds that are applied to the administrative budget. Should the state library reduce or eliminate one or more years of funding, this would have a negative impact on the budget and force the PLP/NLS contract to be fully paid for by membership dues. Current membership dues would not cover the cost of the contract.
- It was approved that NLS membership dues increase by the CPI annually, which typically is 3%. This equates to an approximate annual increase of \$4,400 from previous year.
- Per the agreement with PLP, it would be expected that the PLP/NLS contract would increase 3% each year.

Fund Balance and Operating Reserve

NLS has a three-month operating reserve of \$71,730, and an estimated ending fund balance of \$1.2M, which includes \$289,116 of unspent CLSA funds (rolled-over OverDrive & Link+). Should the administrative fee be reduced, the rate in which NLS is contributing to the fund balance will be reduced.

The establishment of the NLS Operating Reserve serves to address one-time unanticipated loss in funding or uninsured losses. The Operating Reserve purpose isn't to provide sustainability of the agency's operation faced with on-going revenue volatility and increases in operating expenditure. A healthy Agency's Fund Balance that increases over time can and may address the on-going economic factors mentioned without affecting membership contributions or impact the Agency's sustainability.

Reducing the Administrative Fees as relate to FY19/20 Budget

Below is a chart with three scenarios: no administrative fee, 5% and 10%. As noted above, should no administrative fee be assessed, and should all revenue continue, then NLS is able to cover all operating costs and continue allocating funds for staff development back to libraries. Should funding be decreased, the allocation to libraries would need to be reduced or eliminated and use of fund balance may be needed.

NLS FY19/20 Budget and Admin Fee % Comparison			
FY19/20 Budget	No Fee	5% Admin Fee	10% Admin Fee
Admin Fees	\$ -	\$ 30,850	\$ 61,700
Membership Dues	\$ 81,158	\$ 81,158	\$ 81,158
CLSA Funds	\$ 156,716	\$ 156,716	\$ 156,716
Other Revenue	\$ 30,878	\$ 30,878	\$ 30,878
Total Revenue	\$ 268,752	\$ 299,602	\$ 330,452
Contractual Services (PLP & NLS)			
	\$ 157,180	\$ 157,180	\$ 157,180
*Other Oper. Expenses	\$ 83,610	\$ 83,610	\$ 83,610
Total Expenditure	\$ 240,790	\$ 240,790	\$ 240,790
Fund Balance	\$ 27,962	\$ 58,812	\$ 89,662
<i>* Annual Audit & Staff Develop</i>			

Summary

It should be noted that although the NLS Link+ schedule included the 10% administrative fee, that fee has not been assessed to NLS participating libraries, since the bill is anticipated to be paid in June 2019.

The NLS Executive Committee should assess the fiscal prudence of annually increasing the fund balance with other economic factors.



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To: NLS Executive Committee
From: Andrew Yon, Controller
Subject: Review of Draft FY 2019/20 NLS Budget
Date: May 17, 2019

Background

The purpose of this memo is to provide the NLS Executive Committee with a preview and highlights of the NLS FY 2019/20 Budget. The overall NLS budget is \$1,530,246.

ADMINISTRATION

Revenues:

The membership fees of \$142,858 represent a 3% CPI increase adjustment as well as the 10% administrative fee for services. This budget is the first one which now also reflects the cost for Link+, which has resulted in increases to the membership fees. Membership base allocations are based in part on population. The California State Library will release the population figures in early June, and the allocation will be reviewed before being presented to the NLS Administrative Council. Revenue also include \$156,716 of CLSA System Administration funds and projected revenue for the Disaster Response and Recovery Resource Guide LSTA grant.

Expenditures:

Contractual Services reflects the \$157,180 for the NLS/PLP baseline contract and additional work. Last year's number is much higher because of the second amendment for work related to the Zip Book grant. Should NLS receive the grant administration again, an amendment will be needed to hire a contract worker and increase time.

The Membership Fees and Dues line item reflects \$12,060 for Califa membership fee. Should the Executive Committee choose to not renew this, these funds will be reallocated.

\$50,000 of membership fees has been allocated to staff training disbursements to the libraries for \$1,000 each.

COMMUNICATION AND DELIVERY

Revenue:

The FY 2019/20 CLSA allocation is \$663,402 for Communication and Delivery. Libraries participating in delivery within NBCLS and MVLS provide additional funds for these services.

This budget also includes \$200,000 of CLSA funds that were earmarked for Link+ but not yet allocated.



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LOCAL

There are two changes to the Local Budget. Please note \$89,116 of CLSA funds are listed. This is due to the increasing number of libraries choosing to allocate more of their CLSA funds to OverDrive. Because of the large influx of CLSA funds in FY 2018/19, these funds will roll over into FY 2019/20.

In addition, the baseline costs for OverDrive and Zinio reflect the recommendation by Michael Perry. Should the Executive Committee wish to change those, they may be modified before the budget is presented to the Administrative Council.

This local budget also includes the individual library subscriptions to Gale databases, and the shared Overdrive and Zinio collections. These costs are paid centrally.

GRANTS

The CLSA Zip Book grant will be ending in June 2019, as will the Career Visioning for New Adults LSTA grant. The State Library has indicated it is making major changes to PLSEP, so no funding is noted on the budget based on lack of information. NLS has applied for another LSTA Grant, Disaster Response & Recovery Resource Guide. Should it not be awarded, this will be removed from the budget.

FUND BALANCE and OPERATING RESERVE

The 6/30/18 NLS Fund Balance is estimated to be \$1,268,147, which includes the \$228,116 of unspent CLSA funds. The Operating Reserve Fund is equal to three months of the administrative costs. The NLS Operative Reserve is \$71,730.

FY 2019-20 NorthNet Libraries Dues and Fees (DRAFT: 5/8/19)

Library & Academic	CSL Certified 2018 Population Figures	CSL FY16/17 Budget Figures	Base Dues	Delivery Admin Fee	OverDrive Admin Fee	GALE Database Admin Fee	Zinio Admin Fee	Link+ Fee	Total Member Dues	NBCLS and MVLS Deliveries (Incl. 3% CPI)	OverDrive	Zinio	GALE Database	Link+
Alpine County Library	1,154	\$ 264,561	\$ 530		\$ 12	\$ 13	\$ 11		\$ 565		\$ 115	\$ 106	\$ 130	
Bel-Tiburon Public Library	11,783	\$ 2,471,187	\$ 2,122						\$ 2,122					
Benicia Public Library	27,499	\$ 2,062,802	\$ 2,122	\$ 1,456	\$ 199				\$ 3,776	\$ 14,555	\$ 1,987			
Butte County Library	227,621	\$ 4,167,463	\$ 4,244		\$ 421		\$ 608		\$ 5,272		\$ 4,207	\$ 6,077		
CSU Chico			\$ 530						\$ 530					
Colusa County Library	22,098	\$ 1,376,132	\$ 1,061	\$ 483	\$ 15		\$ 57		\$ 1,616	\$ 4,826	\$ 149	\$ 572		
Del Norte County Library Dis	27,221	\$229,002	\$ 530		\$ 43		\$ 29		\$ 603		\$ 432	\$ 294		
Dixon Public Library	29,214	\$1,162,420	\$ 1,061	\$ 1,197	\$ 32				\$ 2,290	\$ 11,967	\$ 322			
El Dorado County Library	188,399	\$3,430,378	\$ 3,183	\$ 241	\$ 1,006		\$ 562	\$ 1,793	\$ 6,785	\$ 2,413	\$ 10,059	\$ 5,619		\$ 17,926
Folsom Public Library	78,447	\$1,469,889	\$ 1,061	\$ 965	\$ 422		\$ 475		\$ 2,922	\$ 9,652	\$ 4,217	\$ 4,745		
Humboldt County Library	136,002	\$3,689,525	\$ 3,183		\$ 520		\$ 393		\$ 4,096		\$ 5,199	\$ 3,926		
Lake County Library	65,081	\$1,047,297	\$ 1,061	\$ 3,129			\$ 138		\$ 4,328	\$ 31,288		\$ 1,379		
Larkspur Public Library	12,351	\$840,454	\$ 530						\$ 530					
Lassen Library District	14,954	\$192,493	\$ 530		\$ 24		\$ 20		\$ 574		\$ 236	\$ 203		
Lincoln Public Library	48,591	\$600,851	\$ 530	\$ 241	\$ 291	\$ 19			\$ 1,081	\$ 2,413	\$ 2,910		\$ 189	
Marin County Free Library	143,912	\$15,530,838	\$ 4,244					\$ 6,864	\$ 11,108					\$ 68,643
Mendocino County Library	89,299	\$3,085,167	\$ 2,122	\$ 4,615					\$ 6,737	\$ 46,150				
Mill Valley Public Library	14,963	\$2,448,628	\$ 2,122						\$ 2,122					
Modoc County Library	9,612	\$287,149	\$ 530		\$ 16		\$ 19		\$ 565		\$ 161	\$ 188		
Mono County Free Library	13,822	\$1,105,792	\$ 1,061		\$ 77		\$ 69		\$ 1,207		\$ 770	\$ 692		
Napa County County Library	135,176	\$14,623,972	\$ 4,244		\$ 730		\$ 837	\$ 1,447	\$ 7,258		\$ 7,298	\$ 8,370		\$ 14,469
Nevada County Library	99,155	\$2,981,189	\$ 2,122		\$ 671		\$ 516		\$ 3,308		\$ 6,708	\$ 5,155		
Orland Free Library	15,332	\$352,103	\$ 530		\$ 31		\$ 27		\$ 588		\$ 314	\$ 269		
Placer County Library	203,728	\$6,709,720	\$ 4,244	\$ 241	\$ 1,009		\$ 678		\$ 6,172	\$ 2,413	\$ 10,092	\$ 6,779		
Plumas County Library	22,980	\$426,684	\$ 530		\$ 52		\$ 40		\$ 621		\$ 518	\$ 395		
Roseville Public Library	137,213	\$3,719,679	\$ 3,183	\$ 241	\$ 854	\$ 248			\$ 4,526	\$ 2,413	\$ 8,539		\$ 2,477	
Sacramento Public Library	1,451,054	\$40,262,153	\$ 5,305	\$ 1,206				\$ 2,432	\$ 8,943	\$ 12,064				\$ 24,318
Sacramento Law			\$ 530						\$ 530					
St. Helena Public Library	6,118	\$1,028,931	\$ 1,061	\$ 1,063	\$ 97				\$ 2,220	\$ 10,625	\$ 969			
San Anselmo Public Library	13,000	\$871,917	\$ 530						\$ 530					
San Rafael Public Library	60,651	\$3,968,981	\$ 3,183						\$ 3,183					
Sausalito Public Library	7,226	\$930,311	\$ 530						\$ 530					
Shasta Public Libraries	178,271	\$2,369,608	\$ 2,122		\$ 838		\$ 370		\$ 3,330		\$ 8,381	\$ 3,703		
Siskiyou County Library	44,612	\$842,753	\$ 530		\$ 107		\$ 123		\$ 760		\$ 1,066	\$ 1,230		
Solano County Library	383,080	\$17,609,704	\$ 5,305	\$ 3,112	\$ 739			\$ 6,428	\$ 15,584	\$ 31,118	\$ 7,394			\$ 64,284
Sonoma County Library	503,332	\$19,748,048	\$ 5,305	\$ 3,074				\$ 2,695	\$ 11,074	\$ 30,740				\$ 26,955
Sutter County Library	97,238	\$1,403,329	\$ 1,061	\$ 965	\$ 145	\$ 145	\$ 212		\$ 2,529	\$ 9,652	\$ 1,454	\$ 2,117	\$ 1,453	
Tehama County Library	64,039	\$465,599	\$ 530		\$ 69		\$ 111		\$ 710		\$ 687	\$ 1,112		
Trinity County Library	13,635	\$319,794	\$ 530		\$ 31		\$ 24		\$ 585		\$ 306	\$ 241		
Willows Public Library	13,464	\$252,019	\$ 530		\$ 19		\$ 17		\$ 566		\$ 192	\$ 167		
Woodland Public Library	60,426	\$2,592,688	\$ 2,122	\$ 965	\$ 166		\$ 198	\$ 539	\$ 3,991	\$ 9,652	\$ 1,664	\$ 1,983		\$ 5,392
Yolo County Library	160,844	\$6,618,343	\$ 4,244	\$ 48			\$ -	\$ 1,550	\$ 5,842	\$ 483				\$ 15,501
Yuba County Library	74,727	\$370,965	\$ 530		\$ 26		\$ 92		\$ 648		\$ 256	\$ 924		
Total	4,907,324	\$173,930,518	\$ 81,158	\$ 23,242	\$ 8,660	\$ 425	\$ 5,625	\$ 23,748	\$ 142,858	\$ 232,424	\$ 86,600	\$ 56,249	\$ 4,249	\$ 237,488

FY 2019-20 NorthNet Libraries Dues and Fees (DRAFT: 5/8/19)

- 2015-2016 budget (total operating expenditures from California State Library website)
- 2018 CSL Certification of Population Figures

Base Dues	FY18/19	FY19/20 (3% CPI)
Under 100,000 Pop. And Under \$1,000,000 Budget	\$515	\$530
Under 300,000 Pop. And Under \$2,000,000 Budget	\$1,030	\$1,061
Under 300,000 Pop. And Under \$3,000,000 Budget	\$2,060	\$2,122
Under 200,000 Pop. And Over \$3,000,000 Budget	\$3,090	\$3,183
Under 300,000 Pop. And Over \$5,000,000 Budget	\$4,120	\$4,244
Over 300,000 Pop. or \$5,000,000 Budget	\$5,150	\$5,305

Admin Fee = 10%
Delivery, OverDrive, Zinio, Databases, and Link+

NorthNet Library System

FY 2018-19 Proposed Budget Summary

Acct		ADMINISTRATION	COMMUNICATION & DELIVERY	LOCAL	TOTAL
<u>Revenue</u>					
3510	Interest Earned	\$25,000			\$25,000
3661	Membership Fees	142,858			142,858
3667	State Library CLSA	156,716	663,402		820,118
3668	LSTA-Indirect	5,878			5,878
3674	Reimbursable from Members		85,875	163,814	249,689
3000	Fund Balance	0	200,000	89,116	289,116
Total Revenue		\$330,452	949,277	252,930	\$1,532,659

<u>Expenditure</u>					
4212	Communication		2,500		2,500
4219	Professional Services				-
4220	Contractual Services	308,842	232,423		541,265
4230	Office Expense		1,200		1,200
4233	Postage		1,800		1,800
4235	Special Departmental		711,354	89,116	800,470
4301	Insurance	2,500			2,500
4302	Membership Fees/Dues	12,060			12,060
4303	Travel & Meeting	7,000			7,000
4373	Service Fees	50			50
4445	Reimbursable from Members			163,814	163,814
TOTAL EXPENDITURE		\$330,452	\$949,277	\$252,930	\$1,532,659

Fund Balance and Reserve	Ending 6/30/2018	Ending 6/30/2019
Fund Balance	\$ 868,147	\$ 1,268,147
Operating Reserves	71,730	71,730
Total	\$ 939,877	\$ 1,339,877

Estimated

NORTHNET LIBRARY SYSTEM
FY 2019-20 PROPOSED BUDGET

ADMINISTRATION (918)

GL Acct	Revenue	Adopted FY 18/19	Proposed FY 19/20	Note
3510	Interest Earned	\$17,000	\$25,000	State Treasurer's LAIF Investment
3661	Membership Fees	110,270	142,858	NorthNet Members (3% CPI Adjusted)
3667	CLSA-State Library	163,379	156,716	CLSA System Admin Funds
3667	CLSA-State Library	50,770		CLSA indirect for Zip Books grant
3668	Federal Grants-LSTA Indirect	1,000		PLSEP Grant
3668	Federal Grants-LSTA Indirect	7,675		Career Visioning for New Adult Grant
3668	Federal Grants-LSTA Indirect		5,878	Disaster Response & Recovery Resource Guide
3000	Budgeted Fund Balance	(9,227)		Credit to Fund Balance
	TOTAL REVENUE	\$340,867	\$330,452	(3.06%)
	<u>Expenditure</u>			
4220	Contractual Services	319,257	157,180	PLP & NLS Contract: \$128,780 + Amendment \$28,400 (Total \$157,180)
4220	Contractual Services		151,662	Annual Audit \$12K, and \$1,000 Staff Training to Libraries up to \$50,000, Unallocated Non-CLSA \$89,662
4301	Insurance	2,500	2,500	Professional Liability Insurance
4302	Membership Fees & Dues	12,060	12,060	Califa Membership Fees for Members
4303	Travel & Meeting	7,000	7,000	Annual Meeting
4373	Service Fees	50	50	Bank Fees
	TOTAL EXPENDITURE	\$340,867	\$330,452	(3.06%)

NORTHNET LIBRARY SYSTEM
FY 2019-20 PROPOSED BUDGET

COMMUNICATION & DELIVERY (916)

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3667	CLSA State Library	\$653,516	\$663,402	CLSA C & D Funds
3674	Reimbursable Costs	84,799	85,875	NBCLS & MVLS Deliveries (\$232,423 less \$146,548 CLSA C&D Funds)
3000	Fund Balance - CSLA	468,843	200,000	FY17/18 Rolled-Over Link+ Funds
TOTAL REVENUE		<u>\$1,207,158</u>	<u>\$949,277</u>	(13.98%)
<u>Expenditure</u>				
4212	Communication	1,500	2,500	Conferencing Services; Website Hosting \$1,000
4220	Contractual Services	232,347	232,423	MVLS (\$55,981) and NBCLS (\$176,442) Delivery Services
4230	Office Supplies	1,200	1,200	
4233	Postage	1,800	1,800	USPS, UPS, FedEx, USPS
4234	Special Departmental	970,311	\$511,354	CLSA allocation for members
4234	Special Departmental-Link+	105,700	\$200,000	FY17/18 Rolled-Over Link+ Funds
TOTAL EXPENDITURE		<u>\$1,312,858</u>	<u>\$949,277</u>	(27.69%)

NORTHNET LIBRARY SYSTEM
FY 2019-20 PROPOSED BUDGET

LOCAL (915)

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3674	Reimbursable Costs	\$128,905	\$142,849	OverDrive Collection \$86,600 ; Zinio \$56,249
3674	Reimbursable Costs		20,965	Gale Databases-Chilton Library \$4,249; ProQuest \$16,716
3001	Fund Balance - CSLA		89,116	FY18/19 Unused Library CLSA OverDrive Allocations
	TOTAL REVENUE	\$128,905	\$252,930	96.21%
<u>Expenditure</u>				
4445	Reimbursable-Library Expenses	128,905	\$142,849	OverDrive Collection \$86,600; Zinio \$56,249
4445	Reimbursable-Library Expenses		20,965	Gale Databases-Chilton Library \$4,249; ProQuest \$16,716
4234	Special Departmental		\$89,116	FY18/19 Unused Library CLSA OverDrive Allocations
	TOTAL EXPENDITURE	\$128,905	\$252,930	96.21%

NORTHNET LIBRARY SYSTEM
FY 2019-20 PROPOSED BUDGET

Grants

Disaster Response & Recovery Resource Guide

GL Acct	Revenue	Adopted FY 18/19	Proposed FY 19/20	Note
3668	Federal Grants-LSTA	\$0	\$58,785	LSTA Grant
TOTAL REVENUE		\$0	\$58,785	0.00%

Expenditure

4220	Contractual Service		\$58,785	
TOTAL EXPENDITURE		\$0	\$58,785	0.00%

Link+ CLSA Grant
(5/2019 to 12/31/2020)

GL Acct	Revenue	Adopted FY 18/19	Proposed FY 19/20	Note
3667	CLSA State Library	\$450,000	\$54,686	El Dorado PL, Woodland PL, and Sonoma PL and any other libraries first year cost
TOTAL REVENUE		\$450,000	\$54,686	0.00%

Expenditure

4220	Contractual Service	\$137,295		Link+ Delivery Services First Three Libraries
4220	Contractual Service		\$54,686	Nevada County Library
TOTAL EXPENDITURE		\$137,295	\$54,686	0.00%

NORTHNET LIBRARY SYSTEM
FY 2019-20 PROPOSED BUDGET

ZIP BOOKS Statewide Expansion Project
CLSA Grant 1/1/17-6/30/19

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3667	CLSA State Library	\$949,240	\$0	
	TOTAL REVENUE	\$949,240	\$0	(100.00%)

Expenditure

4220	Contractual Service	\$100,052		FY18/19 Zip Books Grant Management Fee
4238	Library Materials	789,414		FY18/19 Library Materials (7/1/18 - 6/30/19)
4250	Misc Supplies and Other	47,774		FY18/19 Workshop and Promotional Materials
4303	Travel & Meeting	12,000		FY18/19 Travel
	TOTAL EXPENDITURE	\$949,240	\$0	(100.00%)

Career Visioning for New Adults
in Rural California

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3668	Federal Grants	\$76,750	\$0	
	TOTAL REVENUE	\$76,750	\$0	100.00%

Expenditure

4219	Professional Services	\$57,500	\$0	Consultant/Trainer
4250	Misc Supplies and Other	19,250	0	Workshop and Promotional Materials
	TOTAL EXPENDITURE	\$76,750	\$0	100.00%

NORTHNET LIBRARY SYSTEM
FY 2019-20 PROPOSED BUDGET

Public Library Staff Education
Program (PLSEP)

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3668	Federal Grants	\$10,000	\$0	
	TOTAL REVENUE	\$10,000	\$0	100.00%
	 <u>Expenditure</u>			
4220	Contractual Service	\$10,000	\$0	
	TOTAL EXPENDITURE	\$10,000	\$0	100.00%

NorthNet Library System
NBCLS, MVLS, & NSCLS
FY 2019-20 Proposed Budget Summary

Acct		NBCLS	MVLS	NSCLS	TOTAL
<u>Revenue</u>					
3510	Interest Earned	\$5,947	\$4,335		\$10,282
3674	Reimbursable from Members	200		70,386	70,586
3000	Fund Balance	85,245	25,891		111,136
Total Revenue		\$91,392	\$30,226	\$70,386	\$192,004
<u>Expenditure</u>					
4105	Retiree Benefits	91,192	30,226	70,386	191,804
4219	Professional Services				-
4220	Contractual Services				-
4230	Office Expense				-
4233	Postage				-
4235	Special Departmental				-
4301	Insurance				-
4302	Membership Fees/Dues	100			100
4303	Travel & Meeting				-
4373	Service Fees				-
4445	Reimbursable from Members				-
TOTAL EXPENDITURE		\$91,292	\$30,226	\$70,386	\$191,904

NorthNet Library System
NBCLS, MVLS, & NSCLS
FY 2019-20 Proposed Budget

North Bay Cooperative System Library Budget (921)

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3000	Budgeted Fund Balance	\$46,072	85,245	NBCLS Fund Balance
3510	Interest Income	2,500	5,947	
3674	Reimbursement-retirees	200	200	
	TOTAL REVENUE	<u>\$48,772</u>	<u>\$91,392</u>	<i>87.39%</i>
<u>Expenditure</u>				
4105	Retiree Benefits	48,672		CalPERS UAL
4448	Reimbursable-Retiree Benefits		91,192	CalPERS UAL \$75,222, Medical \$15,620 and GASB Report \$350
4302	Membership Fees & Dues	100	100	
	TOTAL EXPENDITURE	<u>48,772</u>	<u>91,292</u>	<i>87.18%</i>
	Fund Balance as of 6/30/18	\$ 209,008		
	FY18/19 Expenditure	\$ (41,674)		
	Fund Balance as of 6/30/19	<u>\$ 167,334</u>		Estimated

Mountain Valley Library System (922)

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3000	Fund Balance	\$26,506	\$25,891	MVLS Fund Balance
3510	Interest Income	2,000	4,335	
	TOTAL REVENUE	<u>\$28,506</u>	<u>\$30,226</u>	<i>6.03%</i>
<u>Expenditure</u>				
4105	Retiree Benefits	28,506		CalPERS UAL
4448	Reimbursable-Retiree Benefits		30,226	CalPERS UAL (\$29,876); GASB Report (\$350)
	TOTAL EXPENDITURE	<u>\$28,506</u>	<u>\$30,226</u>	<i>6.03%</i>
	Fund Balance as of 6/30/18	\$ 152,227		
	FY18/19 Expenditure	\$ (24,606)		

NorthNet Library System

NBCLS, MVLS, & NSCLS

FY 2019-20 Proposed Budget

Fund Balance as of 6/30/19 \$ 127,621 Estimated

North State Library Cooperative Library System (923)

<u>GL Acct</u>	<u>Revenue</u>	Adopted FY 18/19	Proposed FY 19/20	Note
3674	Reimbursement from Members	\$46,357	\$70,386	CalPERS UAL \$70,036; GASB Report \$350
	TOTAL REVENUE	\$46,357	\$70,386	51.83%
	<u>Expenditure</u>			
4105	Retiree Benefits	46,357		CalPERS UAL
4448	Reimbursable-Retiree Benefits		70,386	CalPERS UAL \$70,036; GASB Report \$350
	TOTAL EXPENDITURE	\$46,357	\$70,386	51.83%

NORTHNET LIBRARY SYSTEM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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NorthNet Library System
Basic Financial Statements
For the year ended June 30, 2018

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Administrative Council of the
NorthNet Library System
San Mateo, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the NorthNet Library System (NLS) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise NLS's basic financial statements as listed in the table of contents. The prior-year comparative total information presented has been derived from the NLS's 2017 basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and the budgetary comparison information of NLS, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2019 on our consideration of NLS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NLS's internal control over financial reporting and compliance.

March 12, 2019

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

**NorthNet Library System
Management's Discussion and Analysis
For the year ended June 30, 2018**

Management's Discussion and Analysis

This section of the NorthNet Library System's (NLS) basic financial statements presents management's discussion and analysis of NLS's financial performance during the fiscal year ended June 30, 2018. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with NLS's basic financial statements (pages 12 and 13) as well as the footnotes to the financial statements (pages 15 - 22).

Financial Highlights

At June 30, 2018, NLS ended the year with a net position balance of \$1,991,343 which is an increase of \$326,886 over the net position balance of \$1,664,457 at June 30, 2017. This increase was primarily due to unused CLSA funds from the State Library.

Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation. The major reconciling items necessary were capitalization and depreciation of capital assets and inclusion of long-term liabilities. NLS has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for NLS's operations.

The annual financial statements include the Independent Auditor's Report, this management's discussion and analysis, the basic financial statements, and notes to basic financial statements and required supplementary information.

NorthNet Library System
Management's Discussion and Analysis, *continued*
For the year ended June 30, 2018

Financial Analysis of NLS as a Whole

Statement of Net Position
As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current Assets	\$ 2,555,480	\$ 2,161,047	\$ 394,433	18.3%
Total Assets	<u>2,555,480</u>	<u>2,161,047</u>	<u>394,433</u>	18.3%
Liabilities:				
Current Liabilities	526,290	472,590	53,700	11.4%
Total liabilities	<u>526,290</u>	<u>472,590</u>	<u>53,700</u>	11.4%
Deferred inflows - Unavailable revenue	37,847	24,000	13,847	57.7%
Net position:				
Restricted	71,730	-	71,730	0.0%
Unrestricted	1,919,613	1,664,457	255,156	15.3%
Total net position	<u>1,991,343</u>	<u>1,664,457</u>	<u>326,886</u>	19.6%
Total liabilities, deferred inflows and net position	<u>\$ 2,555,480</u>	<u>\$ 2,161,047</u>	<u>394,433</u>	18.3%

This schedule is prepared from NLS's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net position of \$1,991,343 at June 30, 2018, consisted of unrestricted amount available for operations.

NorthNet Library System
Management's Discussion and Analysis, *continued*
For the year ended June 30, 2018

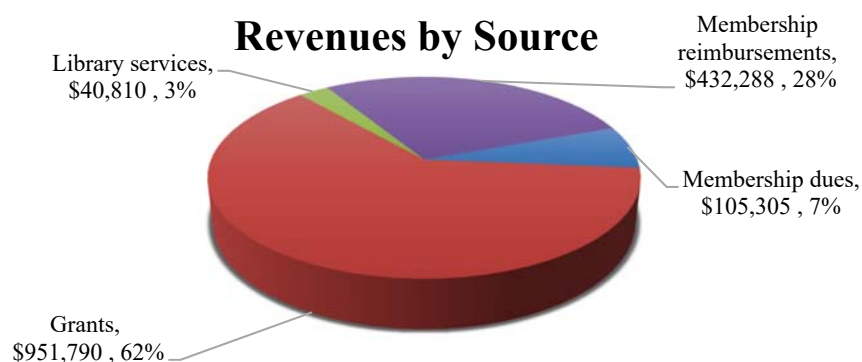
Financial Analysis of NLS as a Whole, *continued*

Operating Results
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating expenses	\$ 1,234,910	\$ 1,282,605	\$ (47,695)	-3.7%
Program revenues:				
Grants	951,790	1,930,162	(978,372)	-50.7%
Library Services	40,810	1,336	39,474	2954.6%
Membership dues	105,305	109,773	(4,468)	-4.1%
Membership reimbursements	432,288	341,531	90,757	26.6%
Total program revenue	<u>1,530,193</u>	<u>2,382,802</u>	<u>(887,615)</u>	-37.3%
Net operating expenses	<u>(295,283)</u>	<u>(1,100,197)</u>	<u>804,914</u>	-73.2%
General revenue:				
Interest	31,603	12,453	19,150	153.8%
Total general revenue	<u>31,603</u>	<u>12,453</u>	<u>19,150</u>	153.8%
Increase (decrease) in net position	326,886	1,112,650	(785,764)	-70.6%
Net position:				
Beginning of year	1,664,457	551,807	1,112,650	201.6%
End of year	<u>\$ 1,991,343</u>	<u>\$ 1,664,457</u>	<u>\$ 326,886</u>	19.6%

In fiscal year 2017-18, program revenues were primarily from grants and memberships, which amounted to \$1,530,193. General revenues consisted of interest revenue.

The following is a graphic illustration of revenues by source for the year ended June 30, 2018:



NorthNet Library System
Management's Discussion and Analysis, *continued*
For the year ended June 30, 2018

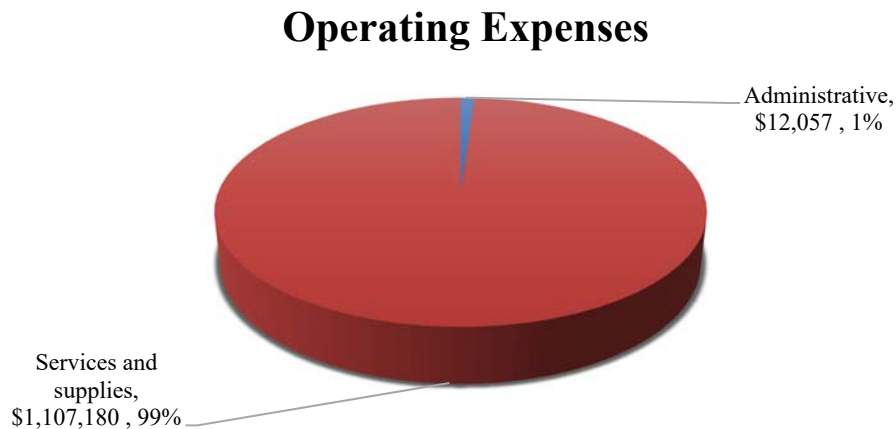
Financial Analysis of NLS as a Whole, *continued*

Operating Expenses
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating expense:				
Administrative	\$ 12,057	\$ 82,838	\$ (70,781)	-85.4%
Services and Supplies	<u>1,107,180</u>	<u>1,199,767</u>	<u>(92,587)</u>	-7.7%
Total	<u>\$ 1,119,237</u>	<u>\$ 1,282,605</u>	<u>\$ (163,368)</u>	-12.7%

Operating expenses in the amount of \$1,119,237 were split amongst two major categories; administrative and services and supplies.

The following is a graphic illustration of operating expenses for the year ended June 30, 2018:



Analysis of Net Position
As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position:				
Restricted	\$ 71,730	\$ -	\$ 71,730	100.0%
Unrestricted	<u>1,919,613</u>	<u>1,664,457</u>	<u>255,156</u>	15.3%
Total	<u>\$ 1,991,343</u>	<u>\$ 1,664,457</u>	<u>\$ 326,886</u>	19.6%

The increase in net position of \$326,886 is primarily due to unused CLSA funds from the State Library.

NorthNet Library System
Management’s Discussion and Analysis, *continued*
For the year ended June 30, 2018

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

In considering NLS’s Budget for fiscal year 2018-19 the Administrative Council and management used the following criteria:

The key assumptions in our revenue forecast were:

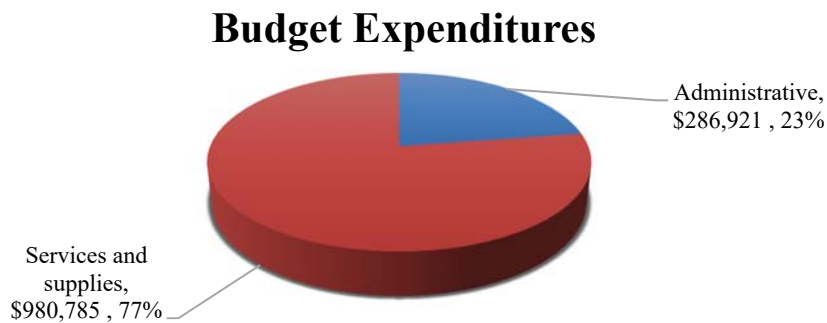
1. Interest earnings are rising steadily.
2. State library and membership fees are expected to be approximately the same.

The adopted budget for the new fiscal year of 2018-19 was \$1,604,180 and is summarized as follows:

	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>Percentage change</u>
Expenditures:			
Administrative	\$ 268,117	\$ 286,921	-6.6%
Services and supplies	1,336,063	980,785	36.2%
Total Expenditures	<u>1,604,180</u>	<u>1,267,706</u>	26.5%
Total budget	<u>\$ 1,604,180</u>	<u>\$ 1,267,706</u>	26.5%

1. Administrative – Shows a decrease of approximately 6.6%, which is mainly due to decrease in administrative expenses.
2. Services and Supplies – Shows an increase of approximately 36.2% due to an increase in prior year roll-over CLSA funds.

The following is a graphic illustration of appropriations for fiscal year 2018-19:



Contacting NLS

This financial report is designed to provide our customers and creditors a general overview of NLS’s finances and to demonstrate NLS’s accountability for the money it receives and is allocated to it. If you have questions about this report, contact the NorthNet Library System, 2471 Flores Street, San Mateo, CA 94403, telephone number (650) 349-5538.

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BASIC FINANCIAL STATEMENTS

NorthNet Library System
General Fund Balance Sheet/Statement of Net Position
June 30, 2018

	<u>General Fund</u>	<u>Adjustments (Note 8)</u>	<u>Statement of Net Position</u>	<u>2017</u>
ASSETS				
<u>Current</u>				
Cash and investments:				
Available for operations	\$ 2,458,721	\$ -	\$ 2,458,721	\$ 2,153,247
Accounts receivable	3,263	-	3,263	2,500
Interest receivable	10,445	-	10,445	5,300
Accrued receivable	83,051	-	83,051	-
Total current assets	<u>2,555,480</u>	<u>-</u>	<u>2,555,480</u>	<u>2,161,047</u>
Total assets	<u>\$ 2,555,480</u>	<u>\$ -</u>	<u>\$ 2,555,480</u>	<u>\$ 2,161,047</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
<u>Current</u>				
Accounts payable and accrued liabilities	\$ 111,728	\$ -	\$ 111,728	\$ 18,593
Deposits payable	414,562	-	414,562	453,997
Total current liabilities	<u>526,290</u>	<u>-</u>	<u>526,290</u>	<u>472,590</u>
Total liabilities	<u>526,290</u>	<u>-</u>	<u>526,290</u>	<u>472,590</u>
Deferred Inflows:				
Unavailable revenue	37,847	-	37,847	24,000
Total Deferred Inflows	<u>37,847</u>	<u>-</u>	<u>37,847</u>	<u>24,000</u>
Fund balances/Net position:				
Committed	71,730	(71,730)	-	-
Unassigned, reported in:				
General fund	1,919,613	(1,919,613)	-	-
Total fund balances	<u>1,991,343</u>	<u>(1,991,343)</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,555,480</u>			
NET POSITION				
Restricted		71,730	71,730	-
Unrestricted		1,919,613	1,919,613	1,664,457
Total net position		<u>\$ 1,991,343</u>	<u>1,991,343</u>	<u>1,664,457</u>
Total liabilities, deferred inflows and net position			<u>\$ 2,555,480</u>	<u>\$ 2,161,047</u>

The accompanying notes are an integral part of these basic financial statements

NorthNet Library System
Statement of General Fund Revenues, Expenditures, and
Changes in Fund Balance/Statement of Activities
For the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Activities</u>	<u>2017</u>
EXPENDITURES/EXPENSES:				
Administrative	\$ 12,057	\$ -	\$ 12,057	\$ 82,838
Services and supplies	1,107,180		1,107,180	1,199,767
Total operating expenses	<u>1,119,237</u>	<u>-</u>	<u>1,119,237</u>	<u>1,282,605</u>
Special programs:				
Federal	115,673	-	115,673	-
Total expenditures/expenses	<u>1,234,910</u>	<u>-</u>	<u>1,234,910</u>	<u>1,282,605</u>
REVENUES:				
Program revenues:				
Grants	951,790	-	951,790	1,930,162
Library services	40,810	-	40,810	1,336
Membership dues	105,305	-	105,305	109,773
Member reimbursements	432,288	-	432,288	341,531
Total program revenues	<u>1,530,193</u>	<u>-</u>	<u>1,530,193</u>	<u>2,382,802</u>
Net program expense	<u>(295,283)</u>	<u>-</u>	<u>(295,283)</u>	<u>(1,100,197)</u>
General revenues:				
Interest	31,603	-	31,603	12,453
Total general revenues	<u>31,603</u>	<u>-</u>	<u>31,603</u>	<u>12,453</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>326,886</u>			
CHANGE IN NET POSITION		<u>-</u>	<u>326,886</u>	<u>1,112,650</u>
FUND BALANCES/NET POSITION:				
Beginning of the year	1,664,457	-	1,664,457	551,807
End of the year	<u>\$ 1,991,343</u>	<u>\$ -</u>	<u>\$ 1,991,343</u>	<u>\$ 1,664,457</u>

The accompanying notes are an integral part of these basic financial statements

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NorthNet Library System
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The NorthNet Library System (“NLS”) is a Joint Powers Agency under Government Code Section 6500 *et. seq.* established on January 9, 2009 which began operations on July 1, 2009 through a Joint Powers Agreement entered into on May 8, 2009 by the North Bay Cooperative Library System, Mountain Valley Library System and the North State Cooperative Library System. NLS is a library services organization which has the powers necessary to establish, improve and extend library services held by its members and those powers designated in Government Code Section 6508. No single member controls NLS. NLS also delivers library materials to members, provides research services and general education workshops, and training seminars for its members.

NLS is governed by an Administrative Council composed of all of the library directors of library agencies therein. Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by NLS's Administrative Council. NLS is a separate reporting entity for financial reporting purposes and the accompanying basic financial statements reflect the assets, liabilities, fund balances/net position, revenues, and expenditures/expenses of NLS only.

The Peninsula Library System (PLS) acts as fiscal agent and Treasurer/Controller for NLS and acts as the depository and has custody of the money of NLS and performs those duties required by Government Code sections 6505 and 6505.5. PLS took over these duties on July 1, 2013. More information regarding the contract with PLS is located in Note 5.

The financial statements of NLS have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

In June 1999, the GASB released Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. NLS has selected the single governmental fund (General Fund) presentation since this reflects the most concise and easily readable presentation for NLS’s operations.

A. Reporting Entity

As defined by GASB Statement No.39, *The Financial Reporting Entity*, NLS is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with NLS are such that exclusion would cause NLS’s financial statements to be misleading or incomplete.

In addition, based upon the above criteria, NLS is not aware of any entity which would be financially accountable for NLS which would result in NLS being considered a component of the entity.

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued

B. Basis of Accounting

The fund-based financial statement columns (Governmental Funds column) on Pages 10 and 11 are accounted for using the modified accrual basis of accounting and reflect balances for NLS's General Fund. This funds revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts, which could not be measured or were not available, were not accrued as revenue in the current fiscal year. The Statements of Net Position and Activities columns on Pages 10 and 11 have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets

Budgets are prepared on the modified accrual basis of accounting, in which capital assets acquired are recorded as expenditures and depreciation is not recorded.

NLS follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the proposed budget is presented to the Administrative Council to review and approve for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget is legally enacted through passage of a motion during a Administrative Council meeting prior to year-end.
- Formal budgeting is employed as a management control device during the year for the general fund.
- Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued

D. Budgets, *continued*

The legal level of a budgetary control, the amount to which budget should not be exceeded, is the program level.

Budgeted amounts are as originally adopted or as amended by the Administrative Council. Individual amendments were not material in relation to the original appropriations.

E. Cash and Investments

NLS pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

2. CASH AND INVESTMENTS

The System had the following cash and investments at June 30, 2018:

	FDIC/ SIPC insured	Not rated	Fair Value
Cash deposits - Boston Private Bank & Trust Company	\$ 257,467	\$ -	\$ 257,467
Local Agency Investment Fund (LAIF)	-	2,201,254	2,201,254
Total	\$ -	\$ 2,201,254	\$ 2,458,721

A. Cash Deposits

The System pools cash from all sources. The System invests excess cash in LAIF.

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government's cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government's total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, *continued*

A. Investments

NLS is authorized by State statutes and Administrative Council action to invest in the following:

- United States Treasury notes, bonds, bills or certificates of indebtedness.
- Registered state warrants or treasury notes or bonds of the State of California.
- Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State of California.
- Obligations issued by banks and guaranteed by federal agency or United States government-sponsored enterprise.
- Negotiable certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies.
- Banker's acceptances.
- Commercial paper.
- California Local Agency Investment Fund (LAIF).

NLS invests in LAIF, an unrated pool, which limits the exposure of the funds to interest rate and credit risk by treating all balances as current.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments recorded in interest/investment income.

C. Investments in External Investment Pools

NLS' investments with LAIF at June 30, 2018, included a portion of the pool funds invested in structured notes and asset backed securities and similar transactions. These investments may include the following:

As of June 30, 2018, the NLS had \$2,201,253.82 invested directly in LAIF. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018 has a portfolio with market valuation of \$88,798,232,977. The current average life of the LAIF portfolio as of June 30, 2018 was 193 days.

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

3. DEPOSITS PAYABLE

NLS records payments for services not yet rendered as deposits payable. The deposits payable balance consists of payments made by member systems. The balance at June 30, 2018 consists of the following contributions:

North Bay Cooperative Library System	\$ 241,824
Mountain Valley Library System	<u>172,738</u>
Total Deposits Payable	<u>\$ 414,562</u>

4. DEFERRED INFLOWS – UNAVAILABLE REVENUE

NLS records payments for services not yet rendered as deferred inflows. NLS expects to recognize \$37,847 as revenue during the fiscal year 2018-19.

5. RELATED PARTY TRANSACTIONS

NLS contracts with the Peninsula Library System (PLS), as its fiscal agent, for administrative services and/or materials. In compensation for services provided, NLS paid \$171,183 to PLS for the year ended June 30, 2018. These amounts were reported as administration expenses in the Statement of Activities.

6. FUND BALANCES/NET POSITION

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of NLS’s highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned amounts represent fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance. Currently, the NLS uses only the unassigned category.

	<u>Net Position</u>
Committed	\$ 71,730
Unassigned	<u>1,919,613</u>
Total	<u><u>\$ 1,991,343</u></u>

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

6. FUND BALANCES/NET POSITION, *continued*

Net position consists of unrestricted amount. Unrestricted amounts reflect balances available for current operations. At June 30, 2018, NLS had only unrestricted balance:

	<u>Net Position</u>
Restricted	\$ 71,730
Unrestricted	<u>1,919,613</u>
Total	<u><u>\$ 1,991,343</u></u>

7. INSURANCE

NLS purchases catastrophic liability insurance to protect itself from unforeseen losses utilizing a premium based policy.

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

8. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEETS AND THE STATEMENTS OF NET POSITION

“Total fund balances” of NLS’s General fund of \$1,991,343 does not differ from “net position” of governmental activities of \$1,991,343, reported in the Statement of Net Position. A difference may occur from the long-term economic focus of the statement of net position versus the current financial resources focus of the General fund balance sheet. As of June 30, 2018 there was no difference between the long-term economic focus of the statement of net position and the current financial resources focus of the General fund balance sheet. Any effects of this difference would be illustrated below:

Balance Sheet/Statement of Net Position

	General Fund	Reclassifications and Eliminations	Statement of Net Position
Assets:			
Cash and investments	\$ 2,458,721	\$ -	\$ 2,458,721
Accounts receivable	3,263	-	3,263
Interest receivable	10,445	-	10,445
Accrued receivable	83,051	-	83,051
Total assets	\$ 2,555,480	\$ -	\$ 2,555,480
Liabilities:			
Accounts payable and accrued liabilities	111,728	-	111,728
Deposits payable	414,562	-	414,562
Total liabilities	526,290	-	526,290
Deferred Inflows:			
Unavailable revenue	37,847	-	37,847
Total Deferred Inflows	37,847	-	37,847
Fund Balances/Net Position			
Total fund balances/net position	1,991,343		1,991,343
Total liabilities, deferred inflows, and fund balances/net position	\$ 2,555,480	\$ -	\$ 2,555,480

NorthNet Library System
Notes to Basic Financial Statements, *continued*
For the year ended June 30, 2018

**9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES**

The “net change in fund balances” for the General fund, \$326,886, does not differ from the “change in net position” for governmental activities of \$326,886 reported in the Statement of Activities. A difference may occur from NLS incurring any long term liabilities or depreciation expense. As of June 30, 2018, there was no difference between the long-term economic focus of the statement of activities versus the current financial resources of the general fund. Any effects of the difference would be illustrated below:

**Statement of Revenues, Expenditures, and Changes in
Fund Balances/Statement of Activities**

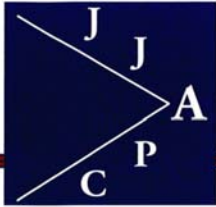
	<u>General Fund</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities</u>
EXPENDITURE/EXPENSES:			
Administrative	\$ 12,057	\$ -	\$ 12,057
Services and supplies	1,107,180	-	1,107,180
Federal	115,673	-	115,673
Total expenditures/expenses	<u>1,234,910</u>	<u>-</u>	<u>1,234,910</u>
REVENUES:			
Program revenues:			
Grants	951,790	-	951,790
Library services	40,810	-	40,810
Membership dues	105,305	-	105,305
Member reimbursements	432,288	-	432,288
Total program revenues	<u>1,530,193</u>	<u>-</u>	<u>1,530,193</u>
Net program expense	<u>(295,283)</u>	<u>-</u>	<u>(295,283)</u>
General revenues:			
Interest	31,603	-	31,603
Total general revenues	<u>31,603</u>	<u>-</u>	<u>31,603</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>326,886</u>		
CHANGE IN NET POSITION		<u>-</u>	<u>326,886</u>
FUND BALANCES/NET POSITION			
Beginning of the year	1,664,457	-	1,664,457
End of the year	<u>\$ 1,991,343</u>	<u>\$ -</u>	<u>\$ 1,991,343</u>

REQUIRED SUPPLEMENTARY INFORMATION

NorthNet Library System
Required Supplementary Information
For the year ended June 30, 2018

Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 1,664,457	\$ 1,664,457	\$ 1,664,457	\$ -
Resources (inflows):				
Grants:				
Federal	4,368	4,368	4,386	(18)
State	831,731	831,731	831,731	-
Other agencies	36,491	36,491	40,810	(4,319)
Membership dues	103,607	103,607	105,305	(1,698)
Membership reimbursements	363,983	363,983	432,288	(68,305)
Interest	4,000	4,000	31,603	(27,603)
Budgeted Fund balance	22,936	22,936	-	22,936
Amounts available for appropriation	<u>1,367,116</u>	<u>1,367,116</u>	<u>1,446,123</u>	<u>(79,007)</u>
Changes to appropriations (outflows):				
Administrative	276,810	276,810	98,294	178,516
Services and supplies	1,090,306	1,090,306	1,020,943	69,363
Total charges to appropriations	<u>1,367,116</u>	<u>1,367,116</u>	<u>1,119,237</u>	<u>247,879</u>
Budgetary fund balance, June 30, 2018	<u>\$ 1,664,457</u>	<u>\$ 1,664,457</u>	<u>\$ 1,991,343</u>	<u>\$ (326,886)</u>



JJACPA, Inc.

A Professional Accounting Services Corp.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Administrative Council
NorthNet Library System
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the NorthNet Library System (NLS), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively NLS's basic financial statements, and have issued our report thereon dated March 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NLS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NLS's internal control. Accordingly, we do not express an opinion on the effectiveness of NLS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NLS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 12, 2019

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA