



MENDOCINO COUNTY BOARD OF SUPERVISORS
ONLINE AGENDA SUMMARY

BOARD AGENDA # 6(b)

- Arrangements for public hearings and timed presentations must be made with the Clerk of the Board in advance of public/media noticing
-Agenda Summaries must be submitted no later than noon Monday, 15 days prior to the meeting date (along with electronic submittals)
-Send 14 complete sets (original, single-sided+13 copies) - Items must be signed-off by appropriate departments and/or County Counsel
-Transmittal of electronic Agenda Summaries and associated records must be emailed to: bosagenda@co.mendocino.ca.us
-Electronic Agenda Transmission Checklist: [ ] Agenda Summary [ ] Records [ ] If applicable, list other online information below
-Executed records will be returned to the department within one week. Arrangements for expedited processing must be made in advance

TO: Board of Supervisors DATE: February 2, 2016
FROM: Supervisors McCowen and Gjerde MEETING DATE: February 9, 2016
DEPARTMENT RESOURCE/CONTACT: Alan D. Flora PHONE: 463-4441 Present [x] On Call [ ]

Consent Agenda [ ] Regular Agenda [x] Noticed Public Hearing [ ] Time Allocated for Item: 20 min

AGENDA TITLE Discussion and Direction Regarding the Recommendations of the Library A-87 Ad Hoc Committee, Including Consideration and Possible Adoption of a Resolution of the Mendocino County Board of Supervisors Clarifying A-87 Building and Equipment Use Charges As Applied to the Mendocino County Library and as Included in the Adopted Final Budget; and Disbandment of the Library Ad Hoc Committee

PREVIOUS BOARD/BOARD COMMITTEE ACTIONS: August 18, 2015: The Board appointed Supervisors McCowen and Gjerde to research, and prepare a draft response to, the Grand Jury's 2014-15 report on the Library; October 10, 2015: the Board adopted a response to the Grand Jury Library report; Nov. 3 2015: The Board appointed Supervisors McCowen and Gjerde to serve on an ad hoc committee to work with County staff to review the Library's A-87 cost plan charges for building and equipment use; help identify the amount of overcharges to be refunded to the Library; and recommend an appropriate timeframe for reimbursement of the Library.

SUMMARY OF REQUEST: Supervisors McCowen and Gjerde request discussion and consideration of the attached resolution which is intended to clarify A-87 building use and equipment charges as they are applied to the Mendocino County Library; establish a policy that A-87 equipment use charges shall not be charged to the Library for equipment purchased with dedicated library funds (Measure A sales tax and/or pro-rata share of property tax); and direct that the Executive Office work with the Auditor-Controller to determine the total amount of the refund due the Library and take all necessary steps to refund said amount without delay.

Supervisors McCowen and Gjerde have worked with County staff, including the Auditor-Controller and the Executive Office to clarify the application of A-87 building and equipment cost plan charges to the Library; assist in identifying the amount of overcharges to be refunded to the Library; and recommend an appropriate timeframe for reimbursement to the Library.

The Federal Office of Management and Budget Circular A-87 establishes cost principles for determining allowable costs that may be incurred and claimed in connection with grants and other agreements with the Federal government. The State Controller's Office is responsible for approving A-87 cost plans submitted by local jurisdictions and publishes a Handbook of Cost Plan Procedures for California Counties which provides that cost plans may also be used to determine internal billing rates and fees. Based on information provided by County departments, the Auditor-Controller annually prepares and submits A-87 cost plans which may then be used as part of the budget process to recover general fund expenses from non-general fund departments.

BOARD ACTION (DATE: ): [ ] Approved [ ] Referred to [ ] Other

RECORDS EXECUTED: [ ] Agreement: [ ] Resolution: [ ] Ordinance: [ ] Other



The Auditor-Controller has confirmed that equipment use charges for equipment no longer in use or older than 15 years should not have been included in previous cost plans. The Auditor-Controller has also adjusted the cost basis for the Fort Bragg Library to reflect receipt of \$257,638 in insurance proceeds and \$472,150 in donations from the Friends of the Fort Bragg Library. Additionally, numerous documents and newspaper articles reference the award of a state grant to assist in construction of the Willits Library. The Auditor-Controller was unable to confirm receipt of the above referenced grant proceeds, however, California State Library records show payments totaling \$400,037, which is the same amount referenced in a Project Performance and Completion Report submitted to the California State Library by the County.

Due to building use charges being calculated based on donations, grants and other outside funds, and equipment use charges being calculated based on outdated lists of capital assets, A-87 cost plans have been inaccurately computed for many years, in part because building and equipment use charges were allocated, but not charged to the Library until the 2012/13 fiscal year. Because there was previously no cost to the Library, there was reduced incentive on the part of library personnel to update and maintain the accuracy of information entered into the County financial system. The Auditor-Controller has worked with library staff to correct past errors and assure an accurate accounting of library capital assets going forward. Additionally, the Library recently purchased capital assets using dedicated library funds. Supervisors McCowen and Gjerde recommend adoption of a policy that exempts from A-87 charges any equipment purchased with dedicated library funds.

Preliminary calculations indicate that the Library is due refunds for 2012/13 through 2014/15 of \$43,788 resulting from the adjusted cost basis of the Fort Bragg Library; \$24,000 resulting from the adjusted cost basis of the Willits Library; and \$31,626 resulting from the elimination of equipment use charges. Because the total amount to be refunded is just under \$100,000, it is recommended that the full amount be refunded as soon as the Auditor-Controller and Executive Office are able to verify the exact amount and method of the refund.

It is worth noting that in addition to the pro-rated share of property tax due the Library, since 1998/99 the County has transferred approximately \$650,000 in additional General Fund revenue to support the Library. In addition, in the years prior to adoption of the voter-approved 1/8<sup>th</sup> cent library sales tax, the County did not collect approximately \$198,000 in A-87 charges that could have been charged to the Library based on the corrected cost basis for the Fort Bragg and Willits Libraries.

■ SUPPLEMENTAL INFORMATION AVAILABLE ONLINE AT:

■ ADDITIONAL INFORMATION ON FILE WITH THE CLERK OF THE BOARD (CHECKED BY COB IF APPLICABLE):

FISCAL IMPACT:			
Source of Funding	Current F/Y Cost	Annual Recurring Cost	Budgeted in Current F/Y
N/A	N/A	N/A	Yes <input type="checkbox"/> No <input type="checkbox"/>

■ SUPERVISORIAL DISTRICT: 1  2  3  4  5  All  ■ VOTE REQUIREMENT: Majority  4/5<sup>ths</sup>

■ RECOMMENDED ACTION/MOTION: Adopt Resolution clarifying A-87 building and equipment use charges as applied to the Mendocino County Library and as included in the adopted final budget and authorize Chair to sign same; and further, disband the Library Ad Hoc Committee.

■ ALTERNATIVES: Do not adopt Resolution, adopt Resolution as modified, or give other direction as deemed appropriate.

■ CEO REVIEW (NAME): Alan D. Flora, Assistant CEO PHONE: 463-4441

RECOMMENDATION: Agree  Disagree  No Opinion  Alternate  Staff Report Attached

**BOARD ACTION**  
 Approved \_\_\_\_\_  
 Records Executed \_\_\_\_\_

**Date of Meeting** \_\_\_\_\_  
 Referred to \_\_\_\_\_  
 Other \_\_\_\_\_