



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 09/01/2020

ITEM NO: 8

DATE: August 10, 2020
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution Approving a Change to the Town's Comprehensive Fee Schedule Amending Library Fines and Charges.

RECOMMENDATION:

Adopt a resolution approving a change to the Town's Comprehensive Fee Schedule amending Library fines and charges.

BACKGROUND

The Town's financial policies require that certain fees, rates, and charges for services be maintained to allow for cost recovery based on the actual cost to provide Town services. "Fee" activities are services and functions provided by the Town to individuals who receive some direct material benefit above and beyond services offered to residents at general taxpayer expense. Staff periodically reviews the cost of providing such services and recommends appropriate increases, decreases or changes. The Town's last comprehensive cost allocation and user fee study concluded last fiscal year and the Town Council approved the recommendations with the adoption of the FY 19/20 Fee Schedule.

The proposed deletion of Library fines was originally intended to be presented as part of an updated FY20/21 Comprehensive Fee Schedule reflecting all Town fees; however, due to the resulting economic impact of the COVID-19 pandemic, a discussion of increases or amendments to the Comprehensive Fee Schedule will be scheduled at a later date. Staff has determined that there would be an immediate operational benefit to adopting the proposed change for Library fines and charges now rather than later.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

DISCUSSION

The Library is proposing to remove daily overdue fines from the Comprehensive Fine and Fee schedule. This reflects a new working model adopted by libraries throughout the State, emphasizing the ease of renewals to encourage material use, eliminating the accumulation of overdue fines, and recovering costs for items that are lost and/or damaged. Under this proposed change, items checked out longer than nine and a half weeks (three week initial checkout, plus two additional automatic renewals of three weeks each, plus a three day grace period) are considered to be lost and will be billed for their actual replacement amount plus a \$5.00 processing fee for children's materials or a \$10.00 processing fee for all other materials. Patrons with lost or damaged items alternatively have the option to replace that item with a new, identical copy of the item plus a nominal processing fee of \$2.00 as the staff time and effort for acquiring a replacement copy has been largely offset by the patron in this circumstance.

Over the past several years, revenues from overdue fines have dropped considerably. In FY2017/18 overdue fines accounted for \$12,734 in revenue, while in FY2018/19 it accounted for only \$3,323 in revenue. This drop was the natural result of instituting customer-service practices related to more convenient renewing of materials, as well as not imposing fines as a penalty for seniors or children. The former was the implementation of automatic renewals that saved library patrons the need or hassle to call library staff, log into their account or make a trip to the library to renew items. The latter is the combination of established practices in the current fee schedule where seniors do not accrue overdue fines, and minors up to age 18 do not accrue overdue fines until the item is overdue by six weeks.

Revenues from overdue fines have dropped to the point where the staff time invested in collecting those fines now outweighs the revenue it generates. Administratively, it now makes more sense for the Town to invoice an item as lost by the patron if it is not returned after this time period rather than hold the item record open to accrue fines.

Data from libraries that have adopted this model show that the return rate of materials is not impacted by this practice.

CONCLUSION:

It is recommended that Town Council approve the proposed adjustments to the Comprehensive Fee Schedule. If the Council approves the changes, they become effective November 1, 2020.

FISCAL IMPACT:

The Town's adopted FY 2020/21 Operating and Capital Budget anticipated this change and incorporated a decrease in revenue of approximately \$3,400.

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SUBJECT: Modify Fee Schedule for Library Fines and Charges

DATE: August 10, 2020

COORDINATION:

This update of the Fee Schedule was coordinated with the Library Department and the Town Manager and Town Attorney Offices.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution approving Comprehensive Fee Schedule FY 2020/21, including Exhibit A Proposed FY 2020/21 Comprehensive Fee Schedule (Redline)
2. Proposed FY 2020/21 Fee Adjustment, Reclassification, and Deletions