



MEETING DATE: 10-01-07

ITEM NO: 3

## COUNCIL/AGENCY AGENDA REPORT

DATE: SEPTEMBER 27, 2007

TO: MAYOR AND TOWN COUNCIL/  
CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: PAMELA S. JACOBS, INTERIM TOWN MANAGER/EXECUTIVE DIRECTOR *P. Jacobs*

SUBJECT: DISCUSSION OF OPTIONS FOR THE DEVELOPMENT OF A NEW LIBRARY  
AND PROVIDE DIRECTION TO STAFF REGARDING NEXT STEPS

### RECOMMENDATION:

Discuss options for the development of a new library and provide direction to staff regarding next steps.

### BACKGROUND:

At the June 18, 2007 Council meeting, the Town Council approved the Civic Center Master Plan (CCMP) and directed staff to proceed with planning for a new library. The Council also approved the following guiding principles with regard to planning for a new library:

- The library project must be practical and achievable
- The Town must be able to afford construction of the library and any necessary parking with minimal or no impact to the taxpayers in the form of additional property tax assessments
- The library must be functional and must enhance the library services available to the community.

These principles were based on the recognition that while the estimated space needs for the library in the CCMP were grounded in community and staff input, library best practices, and industry standards, it may not be possible to achieve the space goals set forth in the CCMP due to costs and available financing opportunities.

*Les White*  
PREPARED BY: **LES WHITE** *LS*  
Special Advisor to  
the Town Council

*Peggy Conway*  
**PEGGY CONAWAY**  
Library Director

*Steve Conway*  
**STEVE CONWAY**  
Administrative Services/  
Finance Director

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Reviewed by: \_\_\_\_\_ Assistant Town Manager/Deputy Director *AL* Town Attorney/General Counsel  
Clerk Administrator/Secretary *SC* Finance  
\_\_\_\_\_ Community Development

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It is within this context that staff has analyzed an option for the development of a 31,000 sq. ft. library that would be consistent with Council's approved guidelines. This staff report provides an overview of the services a library of 31,000 sq. ft. could accommodate, identifies associated parking requirements, and presents preliminary cost estimates and a preliminary financing scenario.

DISCUSSION:

**Option for a 31,000 sq. ft. Library: Services and Parking**

As noted above, staff has analyzed an option for a new 31,000 sq. ft. library located at the site on the southeast corner of the Civic Center as designated in the Civic Center Master Plan (CCMP). This option is based on the Library Director's professional assessment of the priority services that could potentially be provided in a facility of this size, within the framework of the space program identified in the CCMP.

For comparison purposes, Attachment 1 illustrates library square footage comparisons among libraries, including the current Los Gatos library, a 31,000 sq. ft. Los Gatos library, and other California libraries, most of which serve from 25,000 – 50,000 people. One branch of the San Jose library system (Cambrian Branch) is included, as well as two Santa Clara County library system libraries: Los Altos and Morgan Hill.

*Library Services*

The current size of Los Gatos Public Library is 13, 970 gross sq. ft. A new library building of 31,000 gross sq. ft. would more than double the space available, provide adequate room for the library collections, and accommodate an additional collections growth factor of 10%. In addition, a technology training room and two small group-study rooms could be provided. Space for children's services would be increased, and a storytelling area would be included. There would be room for self-service check-out machines and adequate room for sorting and processing materials. A reading room of approximately 1,000 sq. ft. would provide space for seating, and a special area for teens would be included. Space would be available to house the local history collection in protected wall cases. As shown in Attachment 1, a 31,000 sq.ft. library would be about the average size of comparable, recently built libraries.

If the Town were to proceed with this option, more detailed plans would need to be developed as part of a schematic design phase. The schematic drawings would indicate the type, function, size and relationship of spaces in the new building. Some of the features in a 38,000 sq. ft. facility, as identified in the Civic Center Master Plan, could potentially be included in a well-planned 31,000 sq. ft. building. For example, some of these features can be found in the new 28,000 sq. ft. Cambrian branch library.

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Special attention would be given to the “zoning” and adjacencies within the library building to design the most effective, comfortable, and operationally sound library possible. It should be noted that with a 31,000 sq. ft. library, it is not likely that a community room could be included in the building. A community room could be located elsewhere at the Civic Center, such as in the current library space when vacated.

*Parking Demand and Supply*

The Town’s zoning code requires one parking space for each 590 sq. ft. A 31,000 sq. ft. library would be an expansion of 17,030 sq. ft. beyond the current 13,970 sq. ft. library, resulting in the need for 29 additional parking spaces. It is anticipated that the two-story library would include a ground floor of approximately 17,000 sq. ft., which would result in the loss of approximately 35 parking spaces. Combining the need for additional parking for a larger library with the loss of parking due to the siting of the new library would result in a need for 64 additional parking spaces.

The loss of parking is offset by the gain of approximately 35 parking spaces that will become available when police personnel move to the new facility on Los Gatos Boulevard. Reconfiguring parking in the Town Hall lot and removing the Town-owned homes on Fiesta Way and Villa Avenue can compensate for approximately 30 of the parking spaces lost to siting of the library. Along Fiesta Way, ninety degree parking can be provided on both sides of the street. The siting of the library requires reconfiguring the parking in the front of the Neighborhood Center and adding parking on the south side of the street and would require the removal of several trees. Any tree removal and replacement would be evaluated in the specific planning phase of the project.

A total of 65 parking spaces necessary can be accommodated by the pending move of police personnel and by reconfiguring the Town Hall parking lot, which results in one space more than required for the new library. In addition, staff is exploring the availability of leased parking in the area to supplement available staff parking during the week, in general, and during construction, in particular.

The chart below summarizes the parking needs for the 31,000 sq. ft. library option:

|   | 31,000 sq.ft. Library |
|---|-----------------------|
| Spaces Lost to Construction             | 35                    |
| Added parking due to police relocation  | 35                    |
| Spaces with parking lot reconfiguration | 30                    |
| Additional Spaces Required by Code      | 29                    |
| Parking Surplus                         | +1                    |

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**Option for a 31,000 sq. ft. Library: Preliminary Costs and Financing Scenario***Preliminary Cost Estimate*

Based on the cost model in the CCMP and a review of the costs of over 40 recently built libraries, it is assumed that the cost per sq. ft. of a new library would be in the range of \$550 to \$600 per sq. ft. For purposes of these estimates of costs, a figure of \$575 a sq. ft. is assumed. Accordingly, a 31,000 sq. ft. facility would cost about \$17,825,000 exclusive of parking, FF&E (furniture, fixtures and equipment), demolition and site improvement costs and any contingency. More detailed and comprehensive costs estimates would need to be developed as part of the schematic design phase.

*Financing Option*

In response to the approved Council principle that the Town must be able to afford construction of the library and any necessary parking with minimal or no impact to the taxpayers in the form of additional property tax assessments, staff has developed a preliminary "Pay-as-You-Go" financing option using Redevelopment Agency Certificates of Participation (COP's) funding sources and available Town reserves. The RDA/COP's is based on a review and update of estimated cash flows from future RDA tax increment revenue as developed in collaboration with the Town's Financial Advisor, Emily Wagner.

It is important to note that the estimates of funds available from a future RDA bond issue are subject to change. The estimate of funds is based on the growth rate of the assessed valuation in the Town RDA project area and prevailing interest rates in tax-exempt municipal markets at the time the final financing plan is adopted and the bonds are issued.

The preliminary financing option would support a 31,000 sq. ft. library facility with an estimated total project cost of \$17.825 million based upon current construction costs. The funding sources outlined below include General Fund reserves, and \$14 million projected in RDA/COP future financing funds. These funds would not be available until the COP debt issue is brought to the market at a future date.

**New Library Potential Funding Model**

| Potential Funding Sources                         | Fund    | Amount               | Rationale  |
|---|---------|----------------------|--|
| Designated Reserves for Civic Center Improvements | General | \$ 663,086           | Available and designated for this use by Council   |
| Revenue Stabilization Reserve                     | General | 1,000,000            | To be allocated from \$4.8 million 7/01/07 balance |
| RDA Repayment of Police Building Loan             | RDA     | 2,720,000            | Anticipated to be Repaid by RDA in FY 2007/08      |
| RDA Potential Future Financing                    | RDA     | <u>14,000,000</u>    | Per E. Wagner Preliminary Estimate 09/19/2007      |
| Total Funding Sources                             |         | <u>\$ 18,383,086</u> |  |

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The \$18,383,086 could be augmented by an additional \$700,000 of interest income from the \$14,000,000 COPS financing during the construction drawdown period and \$500,000 from excess revenue required for debt service assuming a 4% growth factor. The excess funds over and above the \$18.3m (a total of approximately \$1.5 million) would be applied to unfunded requirements such as a contingency for the project, site improvements, etc. If future costs prove to be too high, the footprint of the building could be reduced (1,000 sq. ft. equals approximately \$500,000) and other current revenue sources considered.

*Key Considerations*

Key considerations associated with this financing option include the following:

- Use of RDA/COP as a Potential Funding Source: In accordance with state law, RDA funding cannot be used to construct Civic Centers, but can be used for public libraries. The funding model contemplates the use of a COP, which would be paid back to the Town General Fund by the RDA through the use of a COP lease financing mechanism. The use of COP's requires Council approval prior to issuance and is considered to be a common funding instrument in California.
- Assumptions Associated with the RDA Revenue Forecast: The RDA/COP's model assumes a median growth rate of 4% per year in assessed value (AV). This rate is lower than the actual growth in recent years, which averages approximately 8-11%. Although the growth rate in the project area has been in the 8-11% range, there is no guarantee that it will remain at this rate. If the future growth rate of 4% does not materialize in any future year, gap funding may be temporarily required. While using a 4% growth rate increases available revenue for a future bond issue, this potential amount is restrained by the Agency's \$250 million tax increment cap. This cap was established at the time the RDA was formed and places a ceiling on the cumulative amount of tax increment available to the Town to expend. An additional caveat is that the non-housing administrative and operational expenditures charged to the RDA for various Town services (e.g. planning, finance, public works, etc.) would be capped at \$750,000 in FY 2016/17. Currently the Town receives approximately \$600,000 for such services so there would still be room for expenditure growth up to the \$750,000 limit.
- Use of Proceeds from Land Sales. This option does not use any proceeds from sale of Town-owned land.

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- Use of RDA Bonding Capacity. This option would use nearly all of the remaining RDA bonding capacity. As a result, the availability of RDA new debt for other infrastructure improvements in the RDA would be substantially limited. However, there is approximately \$4.3 million available for capital projects in the General Fund Reserve. The majority of this balance is designated for infrastructure improvements over the next five years in accordance with the Town Five Year Capital Improvement Plan (CIP).

If Council directs staff to proceed with the development of a 31,000 sq. ft. library, a more detailed financial analysis would need to be completed.

CONCLUSION:

Based on revenues that could be made available, the potential cost of a 31,000 sq. ft. facility and the ability to accommodate parking needs by on-surface parking, it would appear that there is a fiscally practical alternative that would yield a library of a size comparable to what a number of other similarly sized cities have built. There are other options to this 31,000 sq. ft. recommendation, as well. If the Town chose to build a library similar to the 38,000 sq. ft. facility identified in the CCMP, then a bond measure in a range of six to ten million dollars would be necessary as well as a small parking structure. This would yield a more spacious library with additional growth capacity. If insufficient dollars are available once cost estimates are refined, then the size of the project could be scaled back to a smaller facility. The practicality of building a library that would not accommodate any growth would need to be weighed. It does appear that a facility in the range of 29,000 to 31,000 sq. ft. would be a significant improvement over the current facility and is fiscally doable.

Based on this conclusion it is recommended that the Town take the following steps:

1. Direct staff to proceed with specific planning for a new 31,000 sq. ft. library facility.
2. Conduct a Request for Proposal process to engage an architectural firm to develop firm cost estimates, parking requirements and schematic design for a 31,000 sq. ft., two-story main library building.
3. In consultation with the Town's Finance Consultant, develop detailed financial analysis for a 31,000 sq. ft. library, including identification of the process required to issue RDA bonds and COP's certificates.

ENVIRONMENTAL ASSESSMENT:

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

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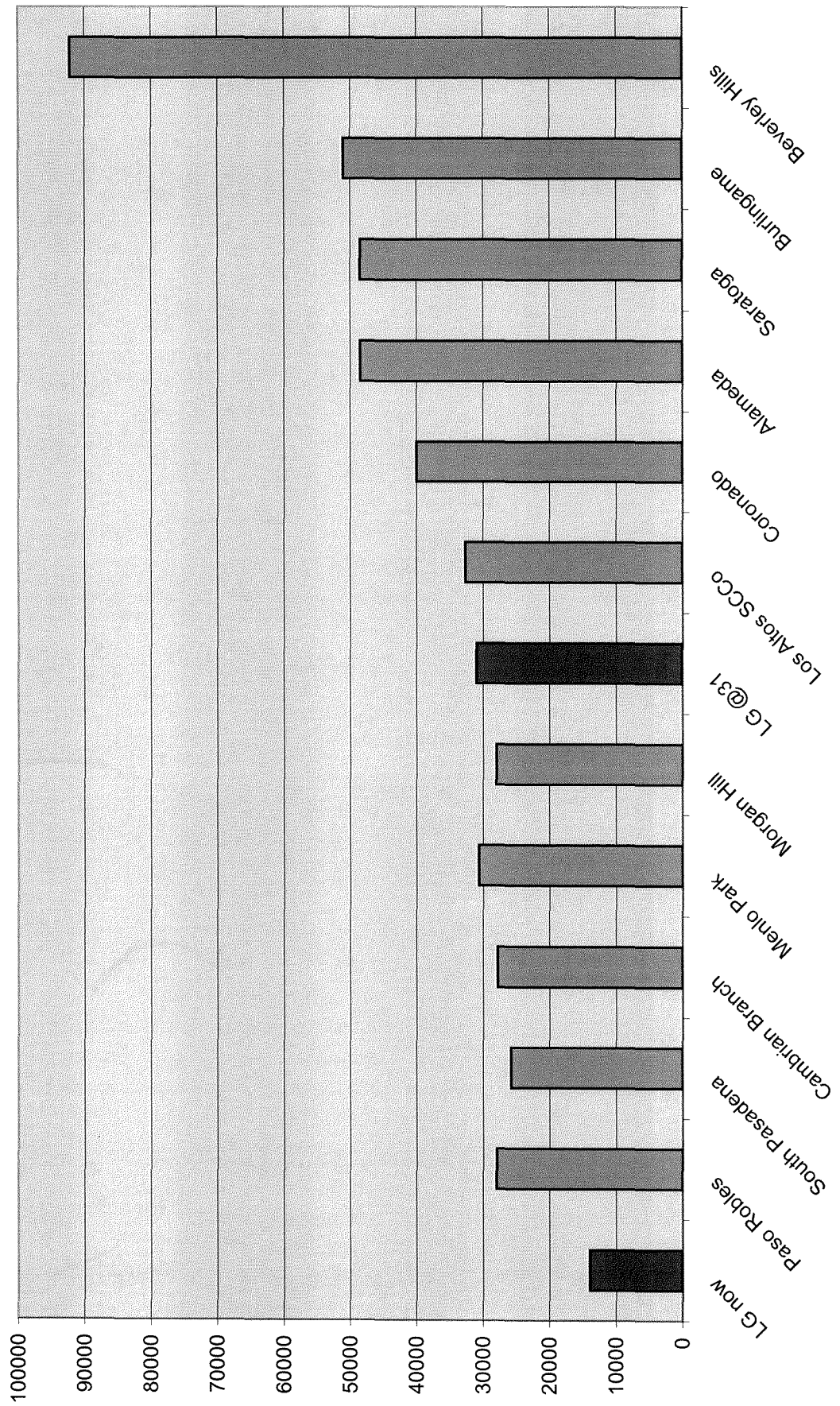
FISCAL IMPACT:

The fiscal impact of the recommendation to proceed with an RFP will be identified when an agreement is brought forward for Council consideration. Sufficient funds for this agreement and the detailed financial analysis are available in the Designated Reserve for Civic Center Improvements.

Attachments:

1. Square Footage for Recently Constructed Libraries
2. 9/25/07 e-mail from Katrina Cabral

Library square footage comparisons  
as of September, 2007





**Patsy Garcia - Regarding Town Hall to discuss Library Options**

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**From:** "Katrina Cabral" <kcabral@nortel.com>  
**To:** <council@losgatosca.gov>  
**Date:** 9/25/2007 12:16 PM  
**Subject:** Regarding Town Hall to discuss Library Options

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I may not be able to attend the Town Hall so I am following the instructions enclosed on my invitation and sending this email instead.

I see our library as having the potential to be the hub of our community. A place to bring people together. To introduce us to our neighbors in our community, get us familiar with one another and develop a sense of community. The benefits of which are too long to list.

There are several things that I would appreciate seeing incorporated into the design of the library and I'll list a few of them below.

- I would like to see a café similar to the one at Borders incorporated into the design.
- I would like to see the indoors more incorporated with the outdoors with out door seating.
- I would like to see a library lending program geared toward activities that could be done on the library grounds and lawn area. These include and are not limited to:
  - Lending out chess and checkers pieces for play on a checkerboard table.
  - Lending out shuffle board pieces for play on an onsite shuffle board.
  - Lending out crochet, badminton, and even volleyball gear for play on the lawn.
  - Lending out balls for four square.
  - Lending out board games.
- I would like to see more story times available. These are always packed. And more special visitors - puppet shows, magic shows for the kids.

I think it would also be wise to incorporate an opportunity for the library to raise money. A retail area, a café, etc..

***Katrina Cabral***

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