

TO: HONORABLE CITY COUNCIL



FROM: CITY MANAGER DEPARTMENT: CITY MANAGER'S OFFICE

DATE: JULY 21, 2008 CMR: 321:08

SUBJECT: CONFIRMATION OF APPROVAL OF A MITIGATED NEGATIVE DECLARATION FOR THE MITCHELL PARK LIBRARY AND COMMUNITY CENTER AND AN ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE MAIN LIBRARY; INTRODUCTION OF AN ORDINANCE CALLING A SPECIAL ELECTION AND ORDERING THE SUBMISSION OF A PROPOSITION INCURRING BONDED DEBT FOR THE PURPOSE OF CONSTRUCTION AND COMPLETION OF A NEW MITCHELL PARK LIBRARY AND COMMUNITY CENTER, RENOVATION AND EXPANSION OF MAIN LIBRARY, AND RENOVATIONS TO DOWNTOWN LIBRARY TO THE QUALIFIED VOTERS OF THE CITY OF PALO ALTO AT THE SPECIAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 4, 2008; AND ADOPTION OF A RESOLUTION DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY DEMAND THE CONSTRUCTION AND COMPLETION OF A NEW MITCHELL PARK LIBRARY AND COMMUNITY CENTER, RENOVATION AND EXPANSION OF MAIN LIBRARY, AND RENOVATIONS TO DOWNTOWN LIBRARY AND THEIR FINANCING THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS

RECOMMENDATION

Staff recommends that Council:

- 1) Confirm approval of a mitigated negative declaration for improvements to the Mitchell Park Library and Community center and an addendum to the final Environmental Impact Report (EIR) for improvements to the Main Library.
- 2) Introduce an ordinance calling for a special municipal election on November 4, 2008 for the purposes of ordering the submission of a proposition incurring bonded debt to construct and complete a new Mitchell Park Library and Community Center, renovate and expand Main Library and renovate Downtown Library. The ordinance also includes direction to the City Attorney to prepare an impartial analysis of the measure.
- 3) Adopt a resolution determining that the public interest and necessity demand these improvements to Palo Alto's library system.
- 4) Designate up to four Council members to author the argument in favor of the measure.

BACKGROUND

Palo Alto libraries are an important community asset. They provide more than just books – they are a place for residents to learn and to gather and they enrich the culture of the City. The City Auditor recently determined that Palo Alto libraries are in the poorest condition when compared to libraries in ten surrounding communities. Significant upgrades are needed to complete improvements to Palo Alto’s branch libraries. Although approximately 2,500 people visit Palo Alto libraries daily, they are cramped, have poor lighting, and have no room for expansion of the collections or to add needed seating. They also lack community meeting spaces, group study and quiet reading areas.

Many residents in the community rely on Palo Alto libraries. Circulation and use of the libraries continues to increase. Last fiscal year, users checked out over a million and a half books, DVDs, and other items. The current libraries have served the community well over the decades. Fifty years ago, Palo Altans passed a bond measure to build a new Main Library and a branch library at Mitchell Park. However, current conditions don’t allow the libraries to offer the services and resources Palo Alto residents and young people deserve. For example, they were not designed to accommodate the variety of ways people now use libraries and they cannot support the collection expansion the community has identified as a priority. Just as the community has changed, the libraries must change to better meet the needs of residents. Today’s libraries must serve many functions beyond information resources: community gathering places for diverse programs and events, rooms for organizations to host meetings, spaces for people who want quiet study or contemplation, and spaces for small groups to study together.

For the past two years, the City Council has placed plans for enhanced library facilities and operations on the top priority lists. There have been substantial work efforts by the City Council, Library Advisory Commission (LAC), Parks & Recreation Commission and staff developing proposals for enhanced library and community center facilities and operations. The LAC met eleven times over seven months and extensively publicized these meetings to seek input into the Library Service Model Analysis and Recommendations (LSMAR) planning process. At four of these meetings, the LAC also reviewed and provided input on the library facilities study conducted by Group 4 Architecture to evaluate space needs and site options for the Mitchell Park Library and Community Center and space issues at Main and Downtown libraries. These efforts culminated in approval by Council of the LSMAR and Library Space Study in December of 2006.

On July 7, 2008, the Council reviewed the results of polling for a November 2008 bond measure and directed staff to prepare the necessary items for placing a measure on the ballot that would include improvements to the Mitchell Park Library/Community Center, Main Library, and Downtown Library.

DISCUSSION

Based on the Council’s direction on July 7, 2008, there are several procedural requirements for placing the measure on the ballot. First, the Council must adopt a resolution establishing the public interest in and necessity of completing the proposed project and an ordinance setting the

election date that also identifies the ballot question that will be presented to Palo Alto voters, the total amount of bonded indebtedness to be incurred, and the tax rate implications of the measure. The proposed ordinance and resolution are attached to this report as Attachments A and B. This ordinance also includes direction to the City Attorney to prepare an impartial analysis of the measure. Pursuant to Government Code section 43607, the ordinance must be introduced at one meeting and adopted at a subsequent meeting. Following the adoption of the ordinance by the Council on August 4, 2008, the City Clerk will file the appropriate paperwork with the County Registrar of Voters by August 8, 2008 to ensure that the measure appears on the November 4, 2008 ballot. Second, the Council must decide who will draft the ballot arguments in favor of the measure.

Ballot Question:

The ballot question may not exceed 75 words and should be presented in a clear and concise fashion so that it is clearly understandable to the electorate. The following language is suggested for the library bond:

<p>LIBRARY FACILITY, COLLECTIONS, SAFETY IMPROVEMENT BOND.</p>	<p>YES</p>	
<p>To ensure seismic safety, enhance disabled access, provide additional space to expand library collections, add new children’s and group activity areas, replace outdated lighting, and provide proper ventilation and air conditioning systems, shall the City of Palo Alto issue bonds up to \$76,000,000 to construct a new energy-efficient Mitchell Park Library and Community Center, expand and renovate Main Library, and renovate Downtown Library, with annual audits and independent citizen oversight?</p>	<p>NO</p>	

Based on Council direction on July 7, the bond measure will include the construction of a new approximately 51,000 square foot combined Mitchell Park Library and Community Center (built to LEED Gold green building standards), complete renovation and an approximately 4,000 square foot expansion of the Main library and a complete renovation of the Downtown library. The total project costs eligible for bond funding are approximately \$73 million. With financing costs included, the total bond amount that would appear on the November ballot is \$76 million. Based on these numbers, the best estimate of the tax rate for this bond measure is \$27 per \$100,000 of assessed property value.

Ballot Arguments:

In accordance with California Elections Code Section 9282, the City Council must determine whether it wishes to exercise its rights to author and sign ballot arguments regarding the measure. The final date for filing a direct argument is 5:30 p.m. on Wednesday, August 13, 2008 with the City Clerk. Direct arguments may not exceed 300 words and can not be changed or withdrawn after August 13, 2008.

Section 9287 of the Elections Code instructs the Clerk to select one argument in favor and one argument against a measure for printing and distribution to the voters. The arguments can be authored by a maximum of five eligible voters. If more than one argument for or more than one argument against the measure is received by the deadline, the City Clerk must select only one argument for and one against, giving preference and priority in the following order to:

- 1) the legislative body, or member/members of the legislative body authorized by that body;
- 2) the individual voters, or bona fide association of citizens, or combination of voters and associations, who are bona fide sponsors or proponents of the measure;
- 3) the bona fide association of citizens; or
- 4) individual voters who are eligible to vote on the measure.

In accordance with California Elections Code Section 9285, when an elections official receives an argument relating to a city measure, she shall send a copy of the argument in favor of the proposition to the authors of the argument against the measure and a copy of the argument against the measure to the authors of any argument in favor of the measure immediately upon receiving the arguments. The author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument not to exceed 250 words. The final date for filing a rebuttal argument with the City Clerk is 5:30 p.m. on Wednesday, August 20, 2008.

In general, no ballot argument shall be accepted unless it bears the name or names of the person or persons submitting it, or if filed by an organization, the name of the organization and the name of at least one of its principal officers. No more than five signatures shall appear with any argument. All arguments must be accompanied by the form statement required by California Elections Code 9600. The Elections Code also provides the method for the word count standard. Arguments may be withdrawn by their proponents at any time prior to and including the final date for filing arguments. An information sheet prepared by the City Clerk regarding measures along with the required forms is attached to this report (Attachment C).

City Attorney's Impartial Analysis

The City Council may direct the City Attorney to prepare an Impartial Analysis of the measure. Direction to prepare such analysis is included in the attached ordinance. The analysis shall not exceed 500 words in length and is due to the City Clerk by 5:30 p.m. on August 20, 2008.

RESOURCE IMPACT

There are numerous financial challenges facing the General Fund, including the need for new revenue sources for facility and service enhancements. As stated in prior infrastructure studies and as policy approved by Council, new infrastructure efforts and new service levels require new revenue streams. As the Long Range Financial Forecast has demonstrated, there is very limited capacity to absorb any new expenses. Debt financing the capital costs envisioned by the LSMAR will require a fresh, ongoing revenue stream to finance the debt service.

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The potential construction of a new, larger Mitchell Park Library and Community Center will require an allocation of additional annual operating expenses, both from a facility maintenance and library/community center operations standpoint. Staff has worked to develop an estimated range of these anticipated annual operating costs, based on input from the Library, Community Services, Utilities and Public Works departments as well as the independent library consultant who has been working with Group 4 Architecture on these projects. These costs include the following: additional library and community center staff necessary for larger Mitchell Park facility (no more than 4 full time positions – three Library and one Community Center - as recommended by library consultant); new Public Works Facilities Mechanic position for building systems maintenance; custodial/maintenance costs; utility costs; library collection maintenance; public computer replacement; security system costs; and furniture replacement. The estimated annual cost for these items could range between \$750,000 and \$1.1 million. It is difficult to produce a definitive estimate because the buildings are still in the preliminary design phase. Additionally, based on the proposed construction schedules for the facilities, the total annual amount would not be required before FY2013/14, allowing for these costs to be phased in and evaluated over time.

The City has not provided the resources needed to maintain its existing infrastructure. Presently, Facilities Maintenance staff maintains a workload that requires that each person handle three times as much area per person as compared to industry standards. A recent report completed to quantify the City's facilities needs recommended adding 4 facilities technicians (one of which has been budgeted for FY2008/09) and 12 temporary full-time equivalents to catch up with the maintenance and repair backlog. Since sufficient resources are not currently provided for existing facilities, additional facilities cannot be maintained without a corresponding increase in staff and operating expense.

Staff will also be evaluating the required library staffing levels pending the outcomes of the library technology plan. A report analyzing the benefits and costs of utilizing automated materials handling (AMH) systems and RFID technology in the libraries will be finalized within two months. A key recommendation of the draft report is that AMH technology be installed at Main, Children's, and Mitchell Park libraries if the proposed bond measure passes. This will allow for some staff efficiencies and will support the projected rise in circulation at the improved libraries. While the cost to purchase AMH systems for Main and Mitchell Park is estimated at \$700,000, the life span of this equipment is long – approximately 20 years.

Regardless of any potential offsets, there will be some additional level of annual operating and maintenance costs. To address these added costs, staff will need to evaluate potential service

reductions in the General Fund or look to future economic development tax revenues. If staff is unable to make service adjustments immediately, there is an option to use one-time money in the first few years of facility operations. Staff will continue to develop and refine a plan for addressing these added costs pending approval of a potential bond measure in November.

In addition to the ongoing operating and maintenance costs, there are costs associated with furnishing and equipping these new facilities that cannot be included in a bond measure. These costs include the furnishings, fixtures, and equipment for the facilities. The current estimate for these items is approximately \$4.3 million (based on the May 19 presentation). The Palo Alto Library Foundation has discussed spearheading a fundraising campaign with other organizations to cover the costs of these items plus approximately \$1 million for additional items for the collection. If this campaign does not raise all of the anticipated funds, the City would have to explore other one-time funding options for these costs.

POLICY IMPLICATIONS

This report is consistent with existing City policies and with the establishment of the Library Plan/Public Safety Building as a Top 4 priority for 2008.

ENVIRONMENTAL REVIEW

Typically, the types of environmental approvals at issue for the proposed library projects are handled by the Director of Planning and Community Environment, who has reviewed and approved the environmental review documents for the library improvement projects described in this report. However, given the scope and public interest in these projects, staff is also asking Council to confirm the Director of Planning and Community Environment's approvals.

Mitchell Park

An Initial Study (IS) prepared for the proposed new Mitchell Park Library and Community Center analyzed the environmental impacts resulting from the project and identified mitigations that would reduce the impacts to a less than significant level. The Initial Study concluded that impacts associated with Aesthetics, Air Quality, and Hazardous Materials were potentially significant and required mitigation measures. Air Quality and Hazardous Materials impacts are construction-related and require mitigation only during construction. Best Management Practices set forth by the Bay Area Air Quality Management District (BAAQMD) will be incorporated in the project to meet air quality standards prescribed by the BAAQMD during construction. In order to ensure that removal of hazardous materials do not pose a hazard to either constructions workers or the public, safety protocols and best management practices for removal of any hazardous materials either in the buildings or the soil will be required. The aesthetic impact of removal of several mature trees will be mitigated by tree replacement and additional landscaping. Based on the analysis in the IS, a Mitigated Negative Declaration (MND) was prepared and circulated for a 20-day public review period beginning May 16, 2008 through June 5, 2008. Although an IS/MND had been prepared for the Mitchell Park Library and Community Center project in 2002 and the current project is significantly reduced in scope and impact from the 2002 concept, staff prepared a subsequent IS/MND rather than amend the

2002 IS/MND to provide an opportunity for public comment. The Director of Planning and Community Environment adopted the Mitigated Negative Declaration on June 6, 2008.

Main Library

A Final Environmental Impact Report (EIR) for the Main Library expansion (and the Art Center project) was certified on June 24, 2002. The 2002 FEIR covered the library expansion, from 26,000 square feet to 66,000 square feet, and Art Center expansion, from 29,000 square feet to 56,000 square feet. The project has now been modified to remove the Art Center expansion plans and considers instead a much smaller 4,000 square foot addition to the existing Main Library. In 2007, an Addendum (dated November 24, 2007) to the 2002 EIR was prepared to reflect the changes in the scope of the project. Based on the analysis in the Addendum, the Director of Planning and Community Environment has determined that the FEIR certified on June 24, 2002 provides adequate environmental clearance for the revised project and has approved the Addendum.

Since the proposed project would reduce the total square footage from the previously analyzed 66,000 square feet to 30,763 square feet and retain the integrity of the historic building, the Environmental Analysis reflected in the Addendum concludes no new impacts or mitigation measures are required by the proposed project. The impacts and mitigation measures from the 2002 EIR are the same or modified to a lesser degree to reflect the smaller project, as summarized below.

Biological Resources

The general impacts and mitigation measures from the 2002 EIR remain basically the same although reduced in scope. The impacts and mitigations have been slightly modified because of the reduction in the number of trees proposed for removal. Ten trees are now likely to be removed whereas the 2002 project anticipated 85-121 trees to be removed. Replacement of removed trees remains the mitigation measure.

Cultural Resources

Because the proposed project would not remove a building of historic significance (the Main Library), the significant and unavoidable impact that was identified in the 2002 EIR has been removed. The proposed project will be required to undergo review and approval by the Historic Resources Board and would be required by the City to be consistent with *The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings*. Thus, the impact of the proposed project on cultural resource values would be less than significant.

Downtown Library

The Downtown Library project is exempt for the California Environmental Quality Act, per section 15301, "Existing Facilities." The proposed renovations to the Downtown Library are limited to facility upgrades that will involve improvements related to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, and will involve negligible or no expansion of current use of the Downtown Library.

ATTACHMENTS

Attachment A: AN ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO CALLING A SPECIAL ELECTION AND ORDERING THE SUBMISSION OF A PROPOSITION OF INCURRING BONDED DEBT FOR THE PURPOSE OF CONSTRUCTION AND COMPLETION OF A NEW MITCHELL PARK LIBRARY AND COMMUNITY CENTER, RENOVATION AND EXPANSION OF MAIN LIBRARY, AND RENOVATIONS TO DOWNTOWN LIBRARY TO THE QUALIFIED VOTERS OF THE CITY OF PALO ALTO AT THE SPECIAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 4, 2008

Attachment B: RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY DEMAND THE CONSTRUCTION AND COMPLETION OF A NEW MITCHELL PARK LIBRARY AND COMMUNITY CENTER, RENOVATION AND EXPANSION OF MAIN LIBRARY, AND RENOVATIONS TO DOWNTOWN LIBRARY AND THEIR FINANCING THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS

Attachment C: Information sheet from the City Clerk regarding measures

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