



LAFAYETTE LIBRARY
AND LEARNING CENTER

OPERATIONS FUNDING PLAN

Questions and Answers

- 1) ***What are the projected operating costs for the Lafayette Library and Learning Center (LLLC)?***

According to a report prepared by City staff, annual operating costs for the LLLC, assuming the library is open 40 hours per week, will be approximately \$1,340,000 beginning in 2009. The major components of that amount are library services, facility operations and maintenance, and the Glenn Seaborg Learning Consortium.
- 2) ***What sources already exist to defray these costs?***

The Contra Costa County Library will continue its current contribution, which by 2009 will equal approximately \$600,000 per year. The City has provided funds for additional hours for many years and that amount in 2009 will equal approximately \$125,000. Other sources, including space rentals and donations by the Friends of the Lafayette Library (FLL) towards the collection and Consortium revenue, will equal approximately \$85,000. All of these sources are expected to increase with inflation and will generate approximately 60% of the projected costs.
- 3) ***How much operations funding will the Lafayette Community Foundation (LCF) provide?***

LCF will provide approximately \$530,000 from its Operations Fund during the first full year of operations. This will come from the \$3.5 million that LCF has raised in addition to the \$9 million that is being loaned to the Lafayette Redevelopment Agency (RDA). The \$3.5 million will be used to fund the LLLC prior to the start of the RDA loan repayments. That amount will increase with inflation for at least the next 30 years. The Operations Fund contribution will cover approximately 40% of the costs of the LLLC.
- 4) ***How will LCF get the money needed for the Operations Fund?***

Starting with an initial gift of \$750,000 from FLL, LCF raised approximately \$12.5 million for the LLLC. LCF will loan \$9 million to the RDA to help fund construction of the LLLC. Over time, the RDA will repay the loan to LCF plus interest. Loan payment proceeds, (including interest) that LCF receives from the RDA over approximately 25 years will be placed into an Operations Fund that will be restricted to supporting library, Consortium and building operations.
- 5) ***Is it legal for LCF to make a loan to a public agency?***

LCF has had the loan concept extensively researched by independent law firms who have assured us that this is a perfectly legal transaction. In addition, the East Bay Community Foundation (EBCF), with which LCF is affiliated, supports the plan. EBCF feels that it is an extremely novel and innovative way to get multiple uses from donated dollars. And of course, attorneys for the City of Lafayette have reviewed the proposal and have concluded that it is legal. Precedents do exist. For example, the San Francisco Foundation has made loans to public agencies that support its programs.

- 6) ***What will be the terms of the loan from LCF to the RDA?***
The exact terms are still to be negotiated. In order to provide the RDA with the flexibility required to sell bonds to the public and to complete other important RDA projects as well as the LLLC, LCF has agreed that the loan will be subordinate to other RDA debt and that repayments will be deferred as much as possible. Repayments will be structured so that the Operations Fund has enough resources to make annual payments to support LLLC services.
- 7) ***What guarantees are there that these arrangements will occur as outlined?***
Three implementing agreements will be adopted later this year:
a) Loan Agreement between the RDA and LCF will specify loan terms, i.e., amount borrowed, interest rate, repayment schedule, loan subordination;
b) Operations Agreement prescribes use of the Operations Fund, tied to loan agreement, between the City, LCF and RDA;
c) Use Agreement between the City and LCF, which outlines responsibilities for running the LLLC (except for library operations).
- 8) ***Are there examples of similar kinds of loans?***
Yes, the proposal works on the same concept as a mortgage. Money is borrowed from a lender, in this case LCF, and paid back with interest over time by a borrower, in this case the Lafayette RDA. Or, another way to think about it is as a long-term loan to one of your children: the written loan agreement which you have your lawyer draw up states that the borrower will repay the full amount of the principal plus a specific interest rate starting in the year 20xx (after you have retired and want to receive additional income).
- 9) ***Who is going to run the Lafayette Library and Learning Center once it is built?***
The building will be owned by the City, which will be responsible for maintaining the building. The Contra Costa County Library will continue to manage the library along with a host of volunteers to support the programming and building operations.
- 10) ***How much will it cost to complete the total project?***
The total cost is \$43.3 million. This covers the building and the library itself – the land, architects, construction, staff supervision, furnishings, landscaping and enhanced library collection.
- 11) ***Do we have \$43.3 million available for construction and what are the sources of these funds?***
Because of the efforts made by so many, we do have the necessary funds:
\$22.4M from Lafayette RDA
\$11.9M from State Library Fund grant
\$ 9.0M from private fundraising (LCF)