



County Executive Office

Memorandum

August 7, 2024

To: Clerk of the Board of Supervisors

From: Michelle Aguirre, Acting County Executive Officer

Subject: Exception to Rule 21

RECEIVED
 2024 AUG -8 PM 2:54
 CLERK OF THE BOARD
 COUNTY OF ORANGE
 BOARD OF SUPERVISORS

Digitally signed by Michelle Aguirre
 DN: cn=Michelle Aguirre, o=County of Orange, ou=CEO, email=Michelle.Aguirre@ocgo.v.com, c=US
 Date: 2024.08.07 14:24:12 -0700

MAguirre

528H

The County Executive Office is requesting a Supplemental Agenda Staff Report for the August 13, 2024, Board Hearing.

Agency: OC Community Resources (OCCR)
Subject: Agreements between County of Orange and City of Irvine
Districts: 3, 5

Reason Item is Supplemental: OCCR is requesting this item be filed for the August 13, 2024, Board meeting to ensure the County and City have sufficient time to complete all necessary processes related to City of Irvine’s withdrawal from the OC Public Libraries System. This Agenda Staff Report and Attachments were finalized after the filing deadline to the Clerk of the Board.

Justification: On July 23, 2024, the Irvine City Council adopted Resolution agreeing to the property tax exchange agreement negotiated between the County of Orange and City of Irvine (Agreement) and adopted Resolution to notify the County of the City’s intent to establish an independent municipal library system (Notice of Intent). The County should receive the City’s Notice of Intent and statement by August 2, 2024, and in accordance with the Agreement, the County shall file the documentation with the County Assessor, County Auditor and State Board of Equalization within 20 days of receipt.

Concur: 
 Donald P. Wagner, Chairman of the Board of Supervisors

cc: Board of Supervisors
 County Executive Office
 County Counsel



SUPPLEMENTAL AGENDA ITEM AGENDA STAFF REPORT

MEETING DATE: 08/13/24

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): 3, 5

SUBMITTING AGENCY/DEPARTMENT: OC Community Resources

DEPARTMENT HEAD REVIEW: Cymantha Atkinson
Department Head Signature

DEPARTMENT CONTACT PERSON(S): Dylan Wright (714) 480-2788
Julie Quillman (714) 566-3086

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SUBJECT: Agreements between County of Orange and City of Irvine

CEO CONCUR

Maguire
Digitally signed by Michelle Aguirre
 DN: cn=Michelle Aguirre, o=County
 of Orange, ou=CEO,
 email=Michelle.Aguirre@ocgov.co
 m, c=US
 Date: 2024.08.07 14:24:32 -0700

CEO Signature

COUNTY COUNSEL REVIEW

Approve resolution and agreements as to form
Action signed by:
 John Cleveland
 County Counsel Signature

CLERK OF THE BOARD
Discussion

3 Votes Board Majority

Budgeted: N/A

Current Year Cost: N/A

Annual Cost: N/A

Staffing Impact: No

of Positions:

Sole Source: N/A

Current Fiscal Year Revenue: N/A

Funding Source: See Financial Impact Section

County Audit in last 3 years No

Levine Act Review Completed: N/A

Prior Board Action: N/A

RECOMMENDED ACTION(S):

- Find that the proposed project is categorically exempt from California Environmental Quality Act (CEQA) Class 1 (Existing Facilities) pursuant to CEQA Guidelines, section 15301.
- Adopt the attached resolution approving the property tax transfer between the County of Orange and the City of Irvine relating to the City of Irvine's withdrawal from the County free library system (Attachment A).
- Authorize the Director of OC Community Resources, or designee, and the County Librarian to execute the Agreement between the County of Orange and the City of Irvine for Transfer of Library Services to transfer library services within Irvine from the County of Orange to the City of Irvine effective July 1, 2025 (Attachment D).
- Authorize the Director of OC Community Resources, or designee, and the County Librarian to execute the Bill of Sale for Irvine University Park Library Furniture, Fixtures and Equipment Transferred to City of Irvine attached to the Agreement (Attachment D) as Exhibit 5; Bill of Sale for

Irvine Heritage Park Library Furniture, Fixtures and Equipment Transferred to City of Irvine attached to the Agreement (Attachment D) as Exhibit 6; and Bill of Sale for Library Collection Materials Transferred to City of Irvine attached to the Agreement (Attachment D) as Exhibit 7; and make changes to the preliminary lists and descriptions of assets to be transferred to the City of Irvine that are appendices to the Bills of Sale, provided the final Bills of Sale and asset lists are deemed to be in the County's best interests by the Director of OC Community Resources and the County Librarian.

5. Approve and execute the lease, attached as Attachment E, whereby the County shall lease to the City of Irvine approximately 11,411 of rentable square feet within the Irvine University Park Property, located at 4512 Sandburg Way, for use as a public library for the City of Irvine, for a term of five (5) years, effective July 1, 2025, through June 30, 2030.
6. Authorize the Chief Real Estate Officer or designee to execute subsequent lease amendments and exercise options that make non-monetary changes and/or monetary changes which do not increase County costs by more than \$75,000 per year.
7. Authorize and direct the Clerk of the Board of Supervisors to file: (a) the City's Notice of Intent to Withdraw from the County free library system and (b) the accompanying statement complying with the requirements of Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code with the County Assessor, County Auditor and the California State Board of Equalization within twenty (20) days following the County's receipt of service of these documents from the City of Irvine, in accordance with Education Code Section 19104 and Revenue and Taxation Code Section 99.

SUMMARY:

Approving the property tax transfer agreement reflected in the attached proposed County resolution, the agreement between the County of Orange and City of Irvine for transfer of library services, the bills of sale for certain furniture, fixtures, equipment and library collection materials, and the lease of the Irvine University Park Library property will allow the City of Irvine to withdraw from the OC Public Libraries county free library system and operate its own municipal library system effective July 1, 2025.

BACKGROUND INFORMATION:

OC Public Libraries (OCPL) is a county free library, organized under the provisions of the California Education Code Section 19100 et seq., that provides library services at branch locations throughout the County. OCPL is funded by a percentage of the property tax revenues collected from taxes levied upon property in those areas served by OCPL.

The City of Irvine (City) has been a member of the OCPL System since 1975 and during such time, OCPL has provided library services to the City's residents, operating three library branches in Irvine known as the Irvine Heritage Park Library, Irvine University Park Library and Irvine Katie Wheeler Library. The County of Orange (County) owns the real property at the Irvine University Park Library and Irvine Katie Wheeler Library. The City owns the real property at the Irvine Heritage Park Library and leased it to the County under a long-term lease dated June 23, 1981 (the Heritage Park Lease).

On February 28, 2023, the Irvine City Council held a public meeting and voted in favor of initiating the process to withdraw from the OCPL System to operate its own municipal library system and begin

negotiations with the County. The County received written notice of the City's public meeting outcome on March 9, 2023. Throughout the remainder of 2023 through July 2024, the County and City negotiated the terms of the City's withdrawal.

California Education Code Section 19104, Government Code Section 54900, and Revenue and Taxation Code Section 99 are the relevant code sections that govern the process that the County and City must follow to complete the City's withdrawal from the OCPL System.

Transfer Agreement

Staff is recommending that the Board of Supervisors (Board) approve the Agreement between the County of Orange and City of Irvine for Transfer of Library Services (Transfer Agreement) attached as Attachment D, which describes the County's and City's responsibilities and timeline of necessary actions related to the City's withdrawal from the OCPL System, including the County's and City's resolutions approving the transfer of property taxes related to the City's withdrawal, the execution of the University Park Lease, transfer of certain personal property and library collection materials from OCPL to City, the County's obligation to file certain documents related to the changes in service responsibilities and property tax transfers with the California State Board of Equalization, County Auditor, and County Assessor, and termination of the existing Heritage Park Lease at no additional cost to the City.

Property Tax Transfer

Property tax revenues for library services generated within the City's boundaries are currently allocated to the County/OCPL, as OCPL provides library services in Irvine. Consistent with Revenue and Taxation Code Section 99, which states that before the effective date of a jurisdictional change, or in this case the City's withdrawal from the OCPL System, the County and City have negotiated the amount of property tax revenue to be exchanged, as reflected in the attached resolution (Attachment A) whereby, for FY 2025-26, the County shall receive into its General Fund the property tax revenue that would have been allocated to OCPL from property taxes levied on property within the City's borders if the City had not withdrawn from the OCPL System and shall pay \$9 million to the City in two installment payments; and for FY 2026-27, and each year thereafter, the City shall be apportioned fifty percent and the County shall be apportioned fifty percent of the property tax revenue that would have been allocated to OCPL for county free library system services, from property taxes levied on property within the City's borders, if the City had not withdrawn from the OCPL System. Staff is recommending the Board approve the property tax transfer agreement reflected in the attached County resolution (Attachment A). As described in Education Code Section 19104, once the City's withdrawal from OCPL becomes effective July 1, 2025, the City shall cease to participate in the benefits of the OCPL System, and the property situated in the City will not be liable for taxes for county free library purposes.

University Park Lease

To serve the residents of Irvine, the City desires to lease the Irvine University Park Library property to be used as a City Municipal Library, operated and staffed by the City, for a term of five (5) years and according to the terms of the University Park Lease (Attachment E). The lease is for \$40,000 per month beginning July 1, 2025. All operating costs are the responsibility of the City, including the maintenance of the building and parking lot, janitorial services and the landscaping of the premises. The County will retain ownership of the University Park Library property and improvements. Staff is recommending execution of the University Park Lease and authority to execute subsequent lease amendments and exercise options that make non-monetary changes and/or monetary changes which do not increase County costs by more than \$75,000 per year.

Bills of Sale for Furniture, Fixtures and Equipment

The County and City have negotiated the transfer of certain library personal property (e.g., furniture, fixtures and equipment) and library collection materials at the Irvine University Park and Irvine Heritage Park Libraries from OCPL to the City, at no additional cost to the City. These transfers will be completed according to the Bills of Sale that are exhibits to the Transfer Agreement (Attachment D, Exhibits 5, 6 and 7). In connection with Board approval of the Transfer Agreement, OC Community Resources (OCCR)/OCPL requests authority for the Director of OCCR, or designee, and the County Librarian to execute these Bills of Sale and make changes to the preliminary lists and descriptions of assets to be transferred to the City that are appendices to the Bills of Sale, provided the final Bills of Sale and asset lists are deemed to be in the County's best interests by the Director of OCCR and the County Librarian.

Filing of Resolutions

Staff is also requesting authorization and direction for the Clerk of the Board to file resolutions, statements of boundary changes related to the City's withdrawal, and other related documents with tax authorities as required under the Education, Government and Revenue and Taxation Codes, according to the timeframes specified in the Transfer Agreement. The Clerk of the Board's filing of these documents will notify the tax authorities of the property tax changes to be implemented in future years.

Transition Timeline

The Transfer Agreement also provides a transition timeline during which the County will prepare to vacate the Irvine Heritage Park and Irvine University Park Libraries and close the Irvine Katie Wheeler Library, and the City will prepare to operate its new municipal library system. From April 1, 2025, through May 15, 2025, OCPL will operate the Irvine libraries at reduced hours to facilitate the County's transition of services to the City. Finally, from May 16, 2025, through June 30, 2025, the Irvine Heritage Park and Irvine University Park Libraries will be closed as OCPL performs work necessary to fully transition out of the City. The County will close the Irvine Katie Wheeler Library as an OCPL branch by June 30, 2025. Neither the Transfer Agreement nor the City's withdrawal from the OCPL System will affect the County's ownership of the Irvine Katie Wheeler Library. Effective July 1, 2025, library services in Irvine will be provided by the City.

On July 23, 2024, the Irvine City Council held a public meeting and approved the Transfer Agreement (Attachment D), authorized the City Manager to enter the lease for the University Park Library (Attachment E), adopted City Council Resolution Number 24-51 (Attachment B) for notifying the County of the City's intent to withdraw from the OCPL System, assume the provision of library services and establish an independent municipal library system effective July 1, 2025, and adopted City Council Resolution Number 24-52 (Attachment C) agreeing to the property tax transfer described above.

OCCR/OCPL is bringing this supplemental agenda item on the August 13, 2024, Board meeting to ensure the County and City have sufficient time to complete all necessary processes related to the City's withdrawal from the OCPL System, including the timely filing of necessary documents with the County Assessor, County Auditor and California State Board of Equalization in accordance with the Agreement between the County and City.

Compliance with CEQA: The proposed project is Categorically Exempt (Class 1) from the provisions of CEQA pursuant to Section 15301, because it provides for the leasing of an existing public facility or structure involving negligible or no expansion of use.

FINANCIAL IMPACT:

The County and City have negotiated the property tax exchange to transfer \$9 million from its General Fund to the City effective FY 2025-26. Starting FY 2026-27 and each fiscal year thereafter, the City shall be apportioned fifty percent and the County shall be apportioned fifty percent of the property tax revenue that would have been allocated to OCCR/OCPL Fund 120 from property taxes levied, including both the base year value and future annual tax increment growth.

Revenue from the lease of the Irvine University Park Library property will be received in OCPL Fund 120 starting FY 2025-26 for a term of five (5) years, effective July 1, 2025, through June 30, 2030.

STAFFING IMPACT:

Staff positions designated to Irvine library branches will be allocated to other OCPL branches.

ATTACHMENT(S):

Attachment A - County Resolution Agreeing to Transfer of Taxes Pursuant to Revenue and Taxation Code Section 99

Attachment B - City of Irvine, City Council Resolution No. 24-51 Notifying County of City's Intent to Withdraw from Orange County Free Library System Effective July 1, 2025

Attachment C - City of Irvine, City Council Resolution No. 24-52 Agreeing to the Transfer of Taxes Pursuant to Revenue and Taxation Code Section 99

Attachment D - Agreement Between the County of Orange and the City of Irvine for Transfer of Library Services

Attachment E - University Park Lease

Attachment F - Conveyance Questionnaire

Attachment G - Lease Summary

Attachment H - Education Code Section 19104

Attachment I - Government Code Section 54900

Attachment J - Revenue and Taxation Code Section 99