



Contra  
Costa  
County

To: Board of Supervisors  
From: Alison McKee, County Librarian  
Date: August 2, 2022

Subject: PROCESS TO CREATE COUNTY LIBRARY FOUNDATION

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**RECOMMENDATION(S):**

RECEIVE status report on the proposed utilization of Measure X funds in the amount of \$50,000 for the establishment of a countywide library foundation and CONSIDER providing input on foundation formation.

**FISCAL IMPACT:**

No additional fiscal impact. The seed funding to support establishment of the Library Foundation of Contra Costa was previously allocated by the Board of Supervisors from Measure X local sales tax funds.

**BACKGROUND:**

Contra Costa County Library is currently supported by 29 different Friends of the Library and Library Foundation groups (See Attachment 1). All but two of them are registered 501(c)(3) nonprofit organizations. The Library's adult literacy program, Project Second Chance, also has a 501(c)(3) nonprofit support group called Project Second Chance, Inc.

In general, the Friends of the Library groups raise funds by reselling donated used books. They use the proceeds from those sales to fund books and programs at their associated local

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

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Action of Board On: **08/02/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 2, 2022

Contact: Alison McKee  
925-608-7700

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

libraries. (N.B. The Clayton and San Ramon Library Foundation function as Friends groups.) Library Foundations, on the other hand, raise funds from corporate or individual gifts and may also apply for grants and host fundraising events. All library foundations associated with Contra Costa County Library came into existence to raise funds for new capital projects. Once new library construction is completed, the foundations either dissolve or continue to raise funds that go towards facility and/or service improvements and sometimes extra open hours.

Since these existing support groups are dedicated to fundraising for their local libraries, the funds they bring in are restricted for use at their associated library. However, the amount of funds generated by each group varies dramatically. The support groups in the wealthier communities bring in significantly more funds than the support groups in less wealthy communities. For example, the Friends of the San Pablo Library typically bring in approximately \$2,000 each year compared to the Friends of the Danville Library who typically bring in approximately \$44,000 each year. It is also worth noting that none of the libraries in low-income communities have an existing library foundation, which means there is limited support for fundraising for the upcoming library capital projects in Bay Point and Oakley.

## BACKGROUND: (CONT'D)

This disparity enables the libraries in wealthier communities to offer more services, and in some cases open hours, than those libraries in low-income communities. Additionally, there is currently no group that is focused on fundraising for the resources and services offered on a countywide basis, such as online databases, countywide collections, or library marketing campaigns.

In the 2016 report, *Promoting Excellence in Library Service in Contra Costa County*, the Contra Costa County Library Commission identified severe funding shortages in the Library's ability to serve county residents. One of the recommendations from the report is:

*implementation of a centrally organized fundraising effort to secure private gifts and bequests  
in support of countywide services.*

At the 2017 Friends, Foundation and Commission Forum at the Walnut Creek Library, Commissioner Don McCormick (District 3), who at the time also served on the Board of the Alameda County Library Foundation, discussed with then County Librarian Melinda Cervantes the possibility of starting a library foundation dedicated to raising funds for the libraries in East Contra Costa County, to which she responded positively. Commissioner McCormick then approached District 3 Supervisor Burgis about the idea, to which she also responded positively. On Feb. 18, 2018, Supervisor Burgis hosted a meeting with Library staff, certain Library Commissioners, and District III and District V staff to explore the possibility of creating a Library Foundation dedicated to raising funds for East County Libraries. The proposed mission of the Contra Costa County "Delta Library Foundation" was to be:

*provide critical support to local libraries resulting in all people in our communities  
having access to knowledge in all its forms.*

*We accomplish this mission by raising revenue in support of library programs,  
facilities and services that promote traditional and digital literacy,  
encourage educational achievement and lifelong learning, and address opportunity gaps  
in the communities we serve.*

All attendees agreed that a library foundation would be a positive entity, however, soon thereafter it was determined that all the communities in the county would benefit from a library foundation, and thus it was preferable for its focus to be countywide.

As a result, former County Librarian Melinda Cervantes formed a small task force of volunteers to consider the idea, seek input from local library foundations and friends groups, and develop a conceptual plan. On June 4, 2018, Commissioner McCormick presented a status report on this effort to the Library Commission. During the

presentation, he emphasized the disparities among the various libraries in Contra Costa County that could be alleviated with funds raised by a countywide library foundation. He also mentioned the positive feedback that was received from local library foundations during meetings he had with them to introduce the concept. The commissioners present at this meeting were very supportive and excited about the potential of a countywide library foundation.

Due to difficulties in obtaining start-up funds, the effort to create the countywide library foundation was stalled until 2021, when the new County Librarian, Alison McKee, determined one of her priorities would be to move forward with its creation. She encouraged the formation of a new committee to work with her in developing plans for its implementation. The group of individuals who volunteered are made up of members of the Library Commission as well as other interested community members. In the Summer of 2021, members of this organizing committee met with each of the County Supervisors to inform them of the group's activities and ask for their input and support.

## **Measure X**

In December of 2021, the foundation organizing committee submitted a proposal to the Board of Supervisors requesting \$300,000 in one-time Measure X funds to establish the Library Foundation of Contra Costa. On February 22, 2022, the Board of Supervisors allocated \$50,000 of Measure X funds (see Attachment 2, BOS approval) as 'seed money' to help establish the Library Foundation of Contra Costa. This one-time allocation will enable the foundation organizing committee to:

- Enlist professional legal and financial expertise to assist with creating the Foundation's fiscal and organizational structure and registration as a CA 501(c)(3) nonprofit organization
- Create a website presence and fund online hosting costs associated with a website

## **Library Foundation of Contra Costa**

The Library Foundation of Contra Costa ("Foundation") is being formed to assist the Contra Costa County Library in its mission to provide library services to county residents that "spark imagination, fuel potential, and connect people with ideas and each other."

As the County Library's fundraising arm, the Foundation will seek private support for projects that are not or cannot be funded through existing Library funding sources. In so doing, the Foundation will support the Library's goals and objectives to:

- Provide equitable access to services, programs, and facilities throughout the county;
- Promote literacy, educational achievement, and lifelong learning; and
- Address gaps in facilities and library service in impacted communities.

The Foundation will work closely with the County Librarian to identify funding priorities. The primary focus will be on collections, capital projects, and programs and services not funded by the Library's existing budget or local library foundations and

friends groups. The Foundation will work with local library foundations and friends groups to seek opportunities for coordination, potential collaboration, and organizational development.

The Foundation will be a non-profit 501(c)(3) organization registered with the IRS and the State of California. It will be operated and governed by an independent board of directors, and donations will be tax deductible to the full extent of the law. During its organizational phase, the Foundation will operate under fiscal sponsorship.

### **Fiscal Sponsorship**

Since it can take up to a year to acquire tax-exempt status, many aspiring nonprofits use an already established 501(c)(3) nonprofit tax-exempt organization as a fiscal sponsor to be able receive contributions prior to becoming a 501(c)(3). Using a fiscal agent will allow donors to make tax-deductible contributions to the Library Foundation of Contra Costa through the fiscal agent even though the Foundation does not have tax-exempt status yet. Once tax-exempt status is obtained, the Library Foundation of Contra Costa will dissolve the fiscal sponsorship relationship since it will be able to receive donations directly.

The foundation organizing committee conducted a comprehensive search and analysis of potential fiscal sponsors. They met with and assessed nine non-profit organizations and finally determined that the West County Public Education Fund (Ed Fund West) was the best candidate. In addition to enabling donors to make tax-deductible contributions to the Foundation, Ed Fund West will also provide significant administrative support including:

- accounting services according to generally accepted accounting principles (GAAP)
- auditing, including an annual audit of financial records
- banking
- bill paying
- insurance coverage

On April 25, 2022, Nicole Gemmer, chair of the foundation organizing committee, executed a contract and addendum with West County Public Education Fund (Ed Fund West) to act as fiscal agent on behalf of the foundation organizing committee. Ed Fund West agreed to serve as fiscal agent in exchange for 10% of all donated and earned revenue received, except for the \$50,000 Measure X funds granted to the group by the Board of Supervisors. Under the terms of its contract with Nicole Gemmer, Ed Fund West will receive and disburse funds on behalf of the foundation organizing committee in support of the establishment of the Library Foundation of Contra Costa.

To enable members of the organizing committee of the Foundation of Contra Costa to access the Measure X funds granted from the Board of Supervisors, the County will enter into an agreement with their fiscal sponsor, Ed Fund West. The agreement will outline the activities for which Ed Fund West will disburse the funds to the organizing committee. The funds will be held and disbursed pro bono by Ed Fund West to the

organizing committee once the County Librarian has verified that the expenses align with the disbursement categories. Broadly, the major disbursement categories are proposed as:

1. Preparation for IRS filing not to exceed \$2,500 based on actual receipts for out-of-pocket expenses.
2. Filing for nonprofit, tax-exempt status not to exceed \$32,500 based on actual invoices for professional Certified Public Accountant or specialized legal services.
3. Graphic Art/Website Development, domain name and hosting not to exceed \$15,000 based on actual invoices for professional services.
4. Unused balance after the three objectives above have been met, to be optimized by the foundation for fundraising, grant leveraging, and fundraising leadership and capacity development countywide.

### **Potential Areas for Board of Supervisors Input**

The Foundation expects to operate as a private non-profit entity and, as such, will not be under the governance of the County, nor will money raised by the Foundation belong to the library or the County. This is typical of foundations both in general and in Contra Costa County. For example, the Contra Costa Regional Health Foundation operates separately from County Government and so does the Alameda County Library Foundation. However, the foundation organizing committee encourages suggestions from the Board of Supervisors on formation elements including:

- number of directors (usually a range)
- criteria for selection of initial and future board members (e.g., geographic, ex-officio, voting/non-voting, stakeholder or socio-economic designations)
- potential initial board members
- potential community partners, and
- future projects of interest.

On June 16, 2022, the Board's Internal Operations Committee held a public discussion with the County Librarian and members of the foundation organizing committee and Library Commission regarding the preceding formation elements. A written record of that discussion and public comment is attached (Attachment 3: IOC DRAFT Record of Action 6/16/22) and available online at this [link](#). In summary, the Committee preferred an independent foundation board of no more than seven, composed of a diverse group of individuals with strong financial acumen and having access to or connections with philanthropists and corporate donors. These individuals could come from anywhere in the community but would likely come from existing charitable foundations and industry. Such a foundation could establish its own community advisory committee or rely on the County Library Commission for community input. The Committee envisioned such a foundation would raise funds to address inequities that exist across the library system, support services that can be offered countywide, and assist branch library foundations.

This matter has been scheduled for discussion today to provide the Board of Supervisors the opportunity to provide input on these formation elements and receive public comment.

### **CLERK'S ADDENDUM**

**Speakers: No name given; Rachel Rosekind, organizing committee; Angela, organizing committee, Oakley Friends of the Library; Dr. Kirby Lynch, Economic Development Commissioner, City of Richmond ; Susan; Library Commission; Peter Wilson, Pittsburg. Written commentary provided by Michael Fischer and Susan Hildreth (attached).**

## **ATTACHMENTS**

Attachment 1: Charitable Foundations and Friends Groups of the Contra Costa County Library System

Attachment 2: BOS Approval of Measure X Funds for Library Foundation

Attachment 3: DRAFT Record of IOC Item 5 Discussion\_Library Foundation\_6/16/22