



Staff report

To: Library Board of Trustees
From: Margaret Jakubcin, Library Director
Date: May 7, 2018
Subject: Finance Committee information and recommendations related to funding for the proposed Sequim Branch Future Library project

Recommendation. That the Board document, through motion, the intent to commit one million dollars (\$1,000,000) of NOLS Capital Reserve funds--contingent on voter approval in November 2018, to establish a Sequim Library Capital Facilities area and approve up to \$12.4 million dollars in general obligation bonds--to support construction of a new, larger Sequim Branch Library.

Background. Project background discussion provided to support the Board's consideration of Resolution 18-05-04 applies to this action as well.

Policy considerations. Policy 5.15: Fiscal Management Policy, establishes practices with regard to use of Board Designated accounts. Per Policy 5:15, NOLS Capital Reserve account "is designated as a reserve resource for maintaining and enhancing capital infrastructure. Funds may be designated, at Board direction, to support capital replacement or enhancement projects at any NOLS facility."

The Board Finance Committee has recommended that, contingent on successful passage of the LCFA ballot issues, NOLS contribute up to one million dollars from capital reserve funds as supplemental support for this project.

Fiscal considerations. The total estimated project cost for design, construction, furnishing, collection expansion and associated projects costs is \$13,340,868. The proposed amount proposed to be funded through public tax dollars is \$12,400,000. The proposed contribution from NOLS capital resources is \$1,000,000. (The calculations have been detailed for the Board elsewhere).

Additional Long Range Fiscal Considerations.

NOLS has been careful to design a new library building that minimizes unnecessary operating expense increases. Creative application of automation technology, careful building design, energy efficient layout and construction, and an emphasis on empowering customers to make optimal use of the library's self-service options all contribute to this end. It is recognized, however, that with a larger library, and the likely resulting increase to usage, there will inevitably be an increase to operating costs.

Following are some preliminary projections of estimated operating cost increases for a 17,000 square foot Sequim Branch as of 2020. Operating expenditure estimates need to be updated regularly as a part of normal budgeting process, so these rough calculations will also need be further refined as we move closer to a potential opening date for a new library.

Increased Customer Service staffing	\$48,000
Increased Facilities/Custodial staffing	\$28,000
Additional office, operating and custodial supplies	\$4,000
Increased property/liability insurance	\$5,000
Increased utilities	\$10,000
Total Projected increase to operating costs	\$95,000

Discussion. A capital project of this scope is beyond the reach of NOLS resources alone. The Library has long understood that funding construction of a new Sequim Branch would require citizen support for a tax issue *and* substantial commitment of NOLS resources--ideally also supplemented by local fundraising efforts to support locally desired enhancements to the basic design.

NOLS has worked hard to find an appropriate cost point that represents design of a building that is functional and attractive, in which the community can take pride, at a cost figure that is palatable for local taxpayers.

The need to provide support to a Sequim capital project has been long anticipated, and NOLS capital reserves have been built and held against this expected need. The Finance Committee feels that the proposed allocation of one million dollars of capital reserve funds is appropriate to the size and community significance of this capital improvement project, and reflects the serious commitment NOLS has made to resolve the facilities issues at the Sequim Branch, in order to better serve the residents of the area.

At this time, action is requested only to document the Board's intention to allocate NOLS Capital Reserve funds toward this purpose. In the event of successful passage of the LCFA ballot measures, the Board would be asked at a later date to approve the actual transfer of funds from Capital Reserves to the Sequim Capital Project account.

Alternatives considered. The Board may request more information prior to making a decision, or suggest a different amount, or different funding source.