



**Board of Trustees Special Meeting**  
Thursday, May 10, 2018 5:30pm  
Sequim Branch Library  
Sequim, WA

**Public Comments**

*Any person or group desiring to bring an item to the attention of the Library Board may do so by addressing the Board at meetings. Individuals having comments specifically related to agenda topics should raise their hand at the appropriate point on the agenda to indicate a wish to speak. Public comments on items not on the agenda, but within the jurisdiction of the North Olympic Library System Board of Trustees, are heard at the beginning of the meeting and at the end; individuals may choose to speak at either point. When time constraints require, the Chair may limit public remarks during meetings to less than three minutes. The Board will not take action on items raised during Public Comment, but may choose to add items to a future meeting agenda. Public comments may also be sent to: Library Board of Trustees, North Olympic Library System, 2210 South Peabody Street, Port Angeles, WA 98362 or [LibraryBoard@nols.org](mailto:LibraryBoard@nols.org).*

**AGENDA**

1. Call to order, roll call and introductions
2. Approval of agenda
3. Public comments
4. Unfinished business
  - U.I. Approval of Resolution 18-05-04: Requesting the establishment of the Sequim Library Capital Facility Area to finance a new library in Sequim and thereby expand library service
5. New Business
  - N.I. Discussion of Finance Committee recommendations regarding supplemental funding for the Sequim Branch capital project
6. Reports
  - R.I. Final Report from SHKS Architects  
(available at [Sequim Branch Expansion Project – North Olympic Library System \(NOLS\)](#))
7. Public Comments
8. Adjournment

“Nurturing imagination, connection, and understanding,  
to improve lives and strengthen community.”

NOLS Mission Statement  
Adopted 11/22/16

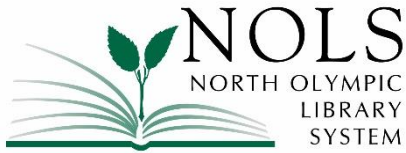
## Upcoming Board meetings

<b>Date</b>	<b>Time</b>		<b>Location</b>
Thursday, May 24, 2018	5:30pm	Regular meeting	Port Angeles Main Library
Thursday, June 28, 2018	5:30pm	Regular meeting	Clallam Bay Branch Library
Thursday, July 26, 2018	5:30pm	Regular meeting	Port Angeles Main Library
Thursday, August 23, 2018	5:30pm	Regular meeting	Forks Branch Library
Thursday, September 27, 2018	5:30pm	Regular meeting	Sequim Branch Library
Thursday, October 25, 2018	5:30pm	Regular meeting	Port Angeles Main Library
<b>Tuesday, November 20, 2018</b>	5:30pm	Regular meeting	Port Angeles Main Library

## Friends of the Library meetings

*(Note: meeting schedules can vary; please check with Library Administration to confirm before attending)*

Clallam Bay Friends of the Library	Second Tuesday of March, June, September, and December at 4pm at Clallam Bay Branch Library
Friends of the Forks Library	Varies. Check with the Forks Branch for the next date.
Port Angeles Friends of the Library	Second Tuesday of month at 10am at Port Angeles Main Library
Friends of Sequim Library	Third Tuesday of April, July, and October at 9:30am at the Sequim Branch Library. Annual Meeting is held in January, date/location usually announced in December.



## Staff report

To: Library Board of Trustees  
From: Margaret Jakubcin, Library Director  
Date: May 7, 2018  
Subject: Approval of Resolution 18-05-04: Requesting the establishment of the Sequim LCFA

**Recommendation.** That the Board approve Resolution 18-05-04: Requesting the establishment of the Sequim Library Capital Facility Area (SLCFA) to finance a new library in Sequim. Approval of Resolution 18-05-04, will simultaneously approve the Joint Request to the County Board of Commissioners and the Memorandum of Understanding with the City of Sequim. Copies of all documents are attached hereto.

### **Background.**

NOLS is now concluding a phased planning project for a larger Sequim Branch, which has been underway for approximately four years. Background information on the history of the Sequim Expansion Project has been presented to the Board regularly throughout this planning project. The following is a brief, but fairly comprehensive, recap of information that has been previously presented and discussed in open public meetings. Copies of relevant Staff Reports and other documents related to this topic are all available at [www.nols.org](http://www.nols.org).

For approximately 20 years, there has been an acknowledged need for a larger, updated branch library facility to serve the Sequim / Dungeness Valley area. Over the years, a number of different library committees, advisory committees, and community groups have proposed potential solutions to the problem of the undersized and outdated Sequim Branch. For one reason and another such suggestion have never previously evolved into a viable project.

Thus, although this pressing community need has been broadly acknowledged for decades, the community as a whole has never had the opportunity to respond to a developed proposal for an expanded and updated Library.

In 2009, recognizing that there would be no quick fix to the Sequim Branch facility problem, NOLS, with noteworthy financial support from the Friends of Sequim Library, undertook a major cosmetic facelift of the existing facility. The 2009 remodel did not add any additional square footage to the branch, but did address deferred maintenance issues (such as failing HVAC system, failing septic system, maxed-out electrical system, and leaking sky lights), reconfigure floorplans and layout to increase efficiency of space use, and update and improve operational and technological functionality -- to the extent possible without adding space or significantly altering building infrastructure. This facelift was crucial to NOLS' ability to continue operating efficiently, and serving the community effectively, during the past decade.

In 2014 NOLS prioritized the Sequim Branch facility problem, and committed to moving the planning project forward. Recognizing the difficulties inherent in bringing this large project to fruition, as well as the need to establish a timeline that respectfully avoided competing with other local agencies who were already in the process of addressing their own capital issues, NOLS adopted an incremental phased planning approach. The phased approach posed questions and arrived at solutions incrementally - with each phase building on the results from the prior one. Phased planning also supported successful conclusion, by committing Library resources, including limited staff time, in a measured and responsible manner.

The phased planning approach also maximized opportunities for community involvement in the planning process and provided preliminary opportunities to ascertain public opinion on the project. Community engagement has been of paramount importance throughout planning for this project. NOLS has participated in or hosted numerous public events, ranging from informational presentations to hands-on interactive design workshops. NOLS has also stayed closely connected to community partners and other local agencies, and fielded multiple community-based taskforces and committees. NOLS staff, particularly the Sequim Branch staff, have been involved in planning, as have other Library stakeholders. The Board Committee on the Sequim Expansion, and the Board Finance Committee, have assisted with project planning, throughout this extensive planning project.

### ***Recap of the Feasibility Study (Phase 1).***

In 2014, NOLS moved this project forward by conducting a Feasibility Study to ascertain important preliminary information. During Phase I, public input needs assessments and surveys were conducted. The scope of work for the Feasibility Study included:

- current population analysis
- 30-year population projections
- estimates of library size needed to serve 30-year population growth
- confirmation that the site currently owned by NOLS could accommodate a library of the required 30-year growth size
- rough (formula based) pre-design cost estimates for such a project.
- exploration of funding mechanisms for a project of this scope.

A copy of the final report from the 2014 Feasibility Study is available on the [NOLS website](#). Phase one planning confirmed the feasibility of expanding on the existing site at 630 N. Sequim Ave. This site is well-located for a public library, and is already owned by NOLS. Since 2014, NOLS' incremental planning for a Future Library in Sequim has focused reusing this lot. The zoning for this parcel is R4-8 (single family residential) with the public library permitted as an approved conditional use.

### ***Recap of Conceptual Planning and Design (Phase 2)***

NOLS is now concluding Phase 2 of the Sequim Library Expansion planning project (Conceptual Planning/Schematic Design). During Phase 2, NOLS' worked with architectural consultants, SHKS Architects, to accomplish the following work:

- a detailed building needs assessment (building program)
- a mid-point, data-based, decision regarding most effective construction approach (re-model/expansion of the existing facility or replacement of existing facility)
- schematic designs and architectural views/depictions
- a project/construction budget
- a high degree of community involvement in planning activities.

A copy of SHKS' final report is included in the May 10, meeting materials packet and will be published to the library webpage shortly. SHKS will provide a community presentation on the outcomes of Phase 2 planning on May 16, 2018 at 6 pm, at the Sequim Branch Library.

***Recap of the Phase 2 decision regarding construction approach.***

NOLS recognized that there were two possible approaches to creating a larger, updated Branch Library on the site owned by NOLS at 630 N. Sequim Ave. One approach would involve updating the existing facility and adding a large addition, the other would involve replacing the existing facility with a new building. In order to make a responsible, data-supported decision about construction approach, NOLS asked SHKS to take these two different approaches to partial pre-design and cost estimating, and to provide an analysis of comparative pros and cons for each approach. These outcomes were reviewed by a committee including staff, Board, and community members.

Architect and Committee analysis of the two options identified several pertinent problems with re-using and adding to the existing building. A complete description of the pros/cons analysis underlying this decision was included in the February 22, 2018 Board packet. A general outline of these concerns is as follows:

- Due to the location of the existing building on the site, some demolition of the existing building would be necessary, even in the "re-use" option, in order to provide required site access for a larger building.
- The re-use option represented a lesser cost savings than might have been expected, with a much higher potential for un-anticipatable costs to arise during construction.
- Achieving the potential cost savings was required limiting remodeling in 1980's designed building, thereby limiting modernization in important areas such as technology, energy efficiency, fenestration, access, etc.
- Limiting remodeling to the old portion of the building would also cause unacceptable compromises in a number of significant design, access, and functional areas.

At their public meeting on February 22, after considering all this factors, the Board unanimously elected to move forward with a construction approach that replaced the current facility with a new building.

***Recap of LCFA process.***

As part of Phase 1, and continuing in Phase 2, likely funding methods were explored. The Library Capital Facilities Area (LCFA) bond has been identified as the most appropriate funding

method to support an expanded library in Sequim. The March 22, 2018 Board packet included a detailed explanation of the LCFA process, summarized below.

1. The NOLS Board must pass a resolution asking the County Commissioners to put the matter of an LCFA for the Sequim / Dungeness Valley area (SLFCA) on the ballot.
2. A similar resolution must also be passed by any incorporated cities in the proposed SLCFA, in this case the City of Sequim.
3. RCW 27.15 requires that the completed request be signed by a majority of the NOLS Board of Trustees, and contain the following:
  - A description of the boundaries of the SLCFA; and
  - Copies of the resolutions of the Sequim City Council and the NOLS Board of Trustees, indicating approval of the creation of the SLCFA, and agreement on how election costs will be paid. (RCW 27.15.020).
4. Although it is not required by law, it has been customary in connection with the formation of previous library capital facility areas, for the library district and the affected city to enter into a memorandum of understanding (MOU) regarding the roles of the parties in the development, ownership and operation of the library to be financed.
5. Upon the receipt of a request that satisfies the requirements, the Clallam County Board of Commissioners must submit the measures (there are two, see below) to the voters within the proposed boundaries of the SLCFA.
6. The first measure authorizes the establishment of the SLCFA, which requires only a simple majority approval to pass. The second ballot proposition authorizes the SLCFA, if established, to finance library capital facilities by issuing general obligation indebtedness and imposing excess levies to retire the debt (RCW 27.15.020). The second one (the bond issue) requires at least 60% yes votes, and the total number of voters (whether they vote for or against the measure) must be at least 40% of the number of voters who voted in the last (2017) general election.
7. The two measures need to be on a general or special election ballot. For a number of reasons, previously discussed, NOLS has targeted the general election in November 2018 as the potential date for a SLFCA ballot. NOLS would share a pro-rated portion of the election costs with other jurisdictions that have items on that ballot.
8. If the first measure is successful, the SLCFA would be created and the Board of County Commissioners would become its governing body for the LCFA. The customary practice throughout the state would be for the SLCFA, NOLS, and the City to expand and replace the MOU with an interlocal agreement regarding the roles of the parties in the development, ownership and operation of the library to be financed.

9. If the first measure passes but the second one fails, RCW 27.15 provides for a second try to pass the bond issue. If the bond measure fails the second time, the SLCFA is automatically dissolved (RCW 27.15.060(2)).

**Policy considerations.**

A Library Capital Facilities Area (LCFA) ballot measure is the method that Washington State law provides for asking community members whether they wish to support a public library capital improvement project through property tax funding. The LCFA is described in [RCW 27.15](#).

Board approval of Resolution 18-05-04 is in accordance with requirements of RCW 27.15: Formation of Library Capital Facilities Areas.

The boundaries of the Sequim Library Capital Facilities Area tax district, are co-extensive with the portion of the Sequim School District that is located in Clallam County, and reflect the service area for the Sequim Branch Library.

Approval of Resolution 18-05-04, will simultaneously approve the Joint Request to the County Board of Commissioners and the Memorandum of Understanding with the City of Sequim

RCW 27.15 requires that any incorporated cities in the proposed SLCFA, in this case the City of Sequim, pass a resolution similar to NOLS Resolution 18-05-04. This matter has been preliminarily discussed with City staff, and is scheduled to be presented to the Sequim City Council at meetings in May and June.

All the legal documents required for this process were drafted by legal counsel (copies attached).

**Fiscal considerations.** Project cost estimates have been presented to, and discussed by, the Board on prior occasions. Total project costs are estimated at approximately \$13,340,868, as detailed below.

<b>Summary Project Costs</b>	
<i>Category</i>	<i>Estimated Cost</i>
<b>Estimated Construction Project Costs</b> <i>(WT Partnership estimates)</i>	
Construction	\$ 8,806,816
<i>Includes: Site, Civil, Landscaping, Parking, Building</i>	
Design	\$ 1,669,463
<i>Includes: Architecture/Engineering, Interior, Site</i>	
Moving and Temp location	\$ 37,000
Project Contingency (10%)	\$ 1,051,328
Building Permit	\$ 88,068
Sales Tax @ 8.75	\$ 766,193
<b>Construction Project Cost Total</b>	<b>\$ 12,418,868</b>

<b>Additional Project Costs</b>	<b>Estimate</b>
Owner contingency	\$ 84,000
FF&E	\$ 595,000
Collections	\$ 158,000
Project Management	\$ 60,000
Election Costs	\$ 25,000
<b>Additional Costs Total</b>	<b>\$ 922,000</b>
<b>TOTAL - All Project Costs</b>	<b>\$ 13,340,868</b>

In adopting Resolution 18-05-04 the Board will move forward the process which will allow Sequim / Dungeness Valley residents to vote on measures which would create a Library Capital Facilities area taxing district, and approve up to 12.4 million dollars in general obligation bonds maturing within 21 years, to support construction of a new, larger Sequim Branch Library.

Per household tax estimates of the projected bonds are as follows:

<b>Homeowner Tax Amount in 2020</b> <i>(calculated by Northwest Municipal Advisors, in Bellevue, Washington)</i>		
<i>Assessed Value</i>	<i>Cost per month</i>	<i>Annual Cost</i>
\$250,000	\$4.84	\$58.12
\$300,000	\$5.81	\$69.74
\$350,000	\$6.78	\$81.37



The Board Finance Committee has recommended that, following successful passage of the LCFA ballot issues, NOLS contribute up to one million dollars from Library capital reserve funds as supplemental support for this project. In accordance with NOLS' Policy 5.15(Fiscal Management), NOLS Capital Reserve account receives timber revenues to be held against future capital infrastructure needs. The need to fund a Sequim capital project has been long anticipated, and reserves have been held against this expected need. The Finance Committee feels that this amount is appropriate to the size and significance, to both the library and the community, of this capital improvement project, and reflects NOLS' serious commitment to resolving the facilities issues at the Sequim Branch in order to better serve the residents of the area. (Board action on the Finance Committee's fiscal recommendation is a separate and distinct issue from adoption of Resolution 18-05-04, and will be addressed under New Business).

Proposed funding sources are as follows:

<b>Funding Summary</b>	
<b>TOTAL -All Project Costs</b>	<b>\$ 13,340,868</b>
Bond funded	\$ 12,400,000
NOLS funded	\$ 1,000,000
<b>Total identified funding</b>	<b>\$ 13,400,000</b>
<i>Funding currently unallocated</i>	<i>\$ 59,132</i>

If the bond measure is successful, additional local fundraising will be undertaken, and wherever possible grants or other supplemental funding sources will be sought. Supplemental funding from local fundraising, grants, or other sources would be directed to enhance the basic project, and/or to incorporate features desired by the community, which were not included in schematic design due to cost considerations.

### **Discussion.**

This methodical planning project has been underway for several years, allowing substantial time for Board and community to learn and understand the complex factors involved. The Board initiated discussion regarding this LCFA decision at their meetings on March 22 and April 26, 2018. Public comment opportunities were provided at both meetings.

In analyzing and discussing all the available information, and reaching their recommendation, NOLS Trustees have previously identified the following considerations as pertinent to the Board's decision.

### **General Project/Community Considerations.**

- Numerous studies, well supported by local usage data, confirm that public libraries continue to be a strong and vital component of their communities. Libraries have adapted well to a changing society, and continue to meet community needs in new and innovative ways.

Books, in both print and electronic form, remain enduringly popular, access to technology and tech skills training is an important and expanding role of the modern library, as is the role of the Library as a community hub, where people can come together to meet, work, study, play, and create. In short, despite the changing face of library service roles, library *buildings* remain essential to a library's ability to meet community needs and expectations, and will continue to do so in the future.

- The Sequim Branch is grossly undersized, even based on *current* population for the service area, and will become increasingly undersized as the population continues to grow. The existing facility, built in 1983 (the year the internet was *invented!*), is outdated and inadequate, and insufficient in many ways to meeting 21<sup>st</sup> century needs and expectations.
- NOLS has an obligation to resolve the Sequim facility issue, in order to fulfill the Library's mission and responsibilities, and appropriately meet the needs of the community.
- NOLS is well aware that the long delay in resolving the problem of the aged and overcrowded Sequim Branch Library has been a considerable frustration to the community.
- The proposed design project (as depicted through Phase 2 building program and schematic designs) represents the attributes which community members identified as most important to them in a future library, and is appropriately sized to serve the community well into the future. Some of the attributes identified by the community as most important were: community meeting/activity space; expanded collection; quiet reading areas; dedicated/specialized spaces for kids and for teens; more parking; improved accessibility, and ready access and views to the outdoors. (See draft project report for more detail on community input and the needs assessment).
- The proposed project reflects a reasonable level of design and construction quality investment. It represents a facility that is functional, operationally efficient, and attractive, without being architecturally ostentatious or frivolous.
- Expert costing knowledge (as provided by WT Partnership of Seattle) has been applied to the proposed project in order to develop responsible assessment of construction cost estimates, so that SHKS Architects and the Library can project the funding required to support the construction of the library that the community has said it desires.
- NOLS acknowledges the potential impacts of additional property tax on community members, and does not take the need to propose an increase to property taxes lightly.
- Through Board discussion, public process, and committee work, the Board has expressed a strong feeling of responsibility and obligation to provide community members with the opportunity to decide whether to fiscally support construction of a larger, modernized library to serve Sequim / Dungeness Valley residents. LCFA ballot measures are the appropriate mechanism for doing so, under Washington State law.

### ***Timing Considerations.***

There are a number of timing considerations that support proceeding with an LCFA effort at this time:

- During the last decade NOLS has expanded the library collection, information tools, and technology resources; improved customer service standards, enhanced and extended programming offerings; initiated innovative services; built and nurtured community partnerships; and in the process, become an important community hub. NOLS is doing an

excellent job serving the community -- but the physical inadequacies of the busy Sequim Branch facility impose challenging constraints, which will only get worse as the building continues to age and the population continues to grow.

- By conscientiously implementing the 2012 Business Plan (following community support for a 2010 levy lid lift to support operating revenues), NOLS has demonstrated a track record of reliable follow-through on election promises.
- NOLS has been sensitive and respectful of the funding challenges of other local community agencies and has stayed out of the way while the community considered and responded to those bond/taxing issues.
- For approximately the last year, NOLS has been open and transparent in targeting November 2018 as the likely election date for a Library bond measure. This timing appears to provide a good window of opportunity for the Library, for a number of reasons, but if the window closes without the Library providing an opportunity for the community to weigh in on this matter, it may be years before another viable window of opportunity reopens.
- The longer NOLS waits, the more construction costs will increase.

#### **Alternatives considered.**

The Board may request additional information and/or propose changes prior to taking action.

The Board may defer decision, or decide not to proceed with placing a ballot measure before voters.

It should be noted that delay in adopting the LCFA resolution may result in missing the 2018 general election target date, due to the number of steps still to be accomplished following NOLS Board approval

#### **Attachments:**

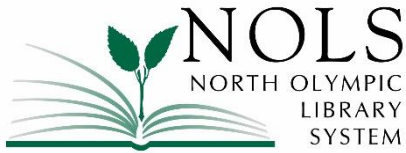
Resolution 18-05-04

Joint Request

MOU with City of Sequim

City of Sequim Joint Resolution





**Resolution 18-05-04:**  
Library Board of Trustees  
North Olympic Library System

**Establishment of the Sequim Capital Facility Area to Finance a New Library in Sequim and thereby Expand Library Service**

**Whereas,** library service to the residents of the City of Sequim (the “City”) and the residents of the area surrounding the City is provided through a library facility (the “Sequim Branch Library”) owned and operated by the North Olympic Library System (“NOLS”); and

**Whereas,** the City and the areas surrounding the City have experienced a rapid growth in the number of residents; and

**Whereas,** the growing population has resulted in increased usage of the existing Sequim Branch Library; and

**Whereas,** the existing Sequim Branch Library cannot accommodate the larger collection needs of the growing population, and cannot support events and programs requested by community members; and

**Whereas,** chapter 27.15 RCW permits, upon the request of the City and NOLS and the approval of the voters, the creation of a library capital facility area to construct, acquire, maintain and remodel library capital facilities; and

**Whereas,** the cost of developing a new library to replace the existing Sequim Branch Library can most fairly be paid by those residents of the area to be served by the new Sequim Branch Library through the establishment of a library capital facility area and its issuance of bonds to finance the construction, furnishing and equipping of the new Sequim Branch Library; and

**Whereas,** NOLS and the City expect that (a) NOLS shall be responsible for designing, administering the construction, furnishing and equipping of, and owning, operating and maintaining the new Sequim Branch Library to be financed by the approved ballot propositions as set forth in the Memorandum of Understanding between NOLS and the City (in the form attached hereto as Exhibit B); and (b) the Sequim Library Capital Facility Area governing body will enter into an appropriate interlocal agreement with the City and NOLS agreeing to such arrangements;

**Now therefore be it resolved by the Board of Trustees of the North Olympic Library System:**

I. Approval and Creation of the Sequim Library Capital Facility Area. NOLS finds that a new library facility in the City is essential to the public welfare and to the residents of the City and the residents of Clallam County in the areas surrounding the City. NOLS hereby

approves of creation of a library capital facility area to be known as the “Sequim Library Capital Facility Area.”

2. Request to the Board of Clallam County Commissioners. NOLS requests that the Board of Clallam County Commissioners, pursuant to chapter 27.15 RCW, provide for the establishment of the Sequim Library Capital Facility Area and submit to the voters of the said area two ballot propositions at a special election to be held on November 6, 2018, which shall read substantially as follows:

Proposition 1: The Board of Clallam County Commissioners adopted Resolution \_\_\_, concerning a proposition to establish the Sequim Library Capital Facility Area, with boundaries that are coextensive with that portion of the Sequim School District that is located in Clallam County. This proposition would establish the Sequim Library Capital Facility Area with all the powers provided in chapter 27.15 RCW, including the power to construct, acquire, maintain and remodel library capital facilities. Shall this proposition be:

APPROVED ☐ REJECTED ☐

Proposition 2: The Board of Clallam County Commissioners adopted Resolution \_\_\_, concerning a proposition to enable the Sequim Library Capital Facility Area to finance a library facility. This proposition would authorize the Sequim Library Capital Facility Area to construct, furnish and equip a new library in Sequim; to incur indebtedness to finance such improvements through the issuance of up to \$[12,400,000] in general obligation bonds maturing within [21] years; and to levy annual excess property taxes to repay such bonds. Shall this proposition be:

APPROVED ☐ REJECTED ☐

3. Approval of Joint Request. NOLS approves the Joint Request for Establishment of the Sequim Library Capital Facility Area (the “Joint Request”), attached hereto as Exhibit A.

4. Election Costs. NOLS shall pay all of the costs of submitting the two ballot propositions to the voters of the proposed area.

5. Memorandum of Understanding. NOLS hereby approves the Memorandum of Understanding between the City and NOLS (the “Memorandum of Understanding”) in the form attached hereto as Exhibit B. The Chair of the Board of Trustees is authorized to approve any

revisions made to the Memorandum of Understanding that are determined to be in the best interests of NOLS and to execute the Memorandum of Understanding on behalf of NOLS.

6. Condition of Request. This request is conditioned upon the receipt of a similar resolution from the City requesting creation of the Sequim Library Capital Facility Area.

7. Authorization to Submit Resolution to the Board of Clallam County Commissioners. The Chair and Secretary of the Board of Trustees of NOLS are hereby authorized and directed to certify a copy of this resolution and submit it to the Board of Clallam County Commissioners with the Joint Request.

**Passed by the Board of Trustees of the North Olympic Library System** at the special meeting held this 10<sup>th</sup> day of May 2018.

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Chair

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Trustee

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Trustee

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Trustee

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Trustee

Attested by:

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Secretary to the Board





## **Exhibit A**

### **JOINT REQUEST FOR ESTABLISHMENT OF SEQUIM LIBRARY CAPITAL FACILITY AREA**

#### **Joint Request of the City of Sequim and the North Olympic Library System**

WHEREAS, library service to the residents of the City of Sequim (the “City”) and the residents of the area surrounding the City is provided through a library facility (the “Sequim Branch Library”) owned and operated by the North Olympic Library System (“NOLS”); and

WHEREAS, the City and the areas surrounding the City have experienced a rapid growth in the number of residents; and

WHEREAS, the growing population has resulted in increased usage of the Sequim Branch Library; and

WHEREAS, the existing Sequim Branch Library cannot accommodate the larger collection needs of the growing population, and cannot support events and programs requested by community members; and

WHEREAS, chapter 27.15 RCW permits, upon the request of the City and NOLS and the approval of the voters, the creation of a library capital facility area to construct, acquire, maintain and remodel library capital facilities; and

WHEREAS, the cost of developing a new library to replace the existing Sequim Branch Library can most fairly be paid by those residents of the area served by the new Sequim Branch Library through the establishment of a library capital facility area and its issuance of bonds to finance the construction, furnishing and equipping of the new Sequim Branch Library; and

WHEREAS, the City and NOLS have each, by resolutions attached hereto as Exhibits I and 2, approved the establishment of the Sequim Library Capital Facility Area and the submittal of this joint request; and

WHEREAS, NOLS and the City expect that (a) NOLS shall be responsible for designing, administering the construction, furnishing and equipping of, and owning, operating and maintaining the library capital facilities financed by the approved ballot propositions as set forth in the Memorandum of Understanding between NOLS and the City; and (b) the Sequim Library Capital Facility Area governing body will enter into an appropriate interlocal agreement with the City and NOLS agreeing to such arrangements;

NOW THEREFORE, the City of Sequim and the North Olympic Library System request as follows:

I. Joint Request. The City and NOLS jointly request that the Board of Clallam County Commissioners, pursuant to chapter 27.15 RCW, provide for the establishment of a library capital facility area to be known as the “Sequim Library Capital Facility Area” and submit to the voters of the said area two ballot propositions at a special election to be held on November 6, 2018, which shall read substantially as follows:

Proposition 1: The Board of Clallam County Commissioners adopted Resolution \_\_\_\_, concerning a proposition to establish the Sequim Library Capital Facility Area, with boundaries that are coextensive with that portion of the Sequim School District that is located in Clallam County. This proposition would establish the Sequim Library Capital Facility Area with all the powers provided in chapter 27.15 RCW, including the power to construct, acquire, maintain and remodel library capital facilities. Shall this proposition be:

APPROVED ☐ REJECTED ☐

Proposition 2: The Board of Clallam County Commissioners adopted Resolution \_\_\_\_, concerning a proposition to enable the Sequim Library Capital Facility Area to finance a library facility. This proposition would authorize the Sequim Library Capital Facility Area to construct, furnish and equip a new library in Sequim; to incur indebtedness to finance such improvements through the issuance of up to \$[12,400,000] in general obligation bonds maturing within [21] years; and to levy annual excess property taxes to repay such bonds. Shall this proposition be:

APPROVED ☐ REJECTED ☐

2. Boundaries of the Sequim Library Capital Facility Area. The boundaries of the Sequim Library Capital Facility Area shall be coextensive with that portion of the Sequim School District that is located in Clallam County, as described in Exhibit 3 attached to this joint request and incorporated herein by this reference.

3. Costs. NOLS shall pay all of the costs of submitting the two ballot propositions to the voters of the proposed area.

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF SEQUIM, WASHINGTON

NORTH OLYMPIC LIBRARY SYSTEM

By: \_\_\_\_\_  
Dennis Smith, Mayor

\_\_\_\_\_  
Mark Urnes, Chair

ATTEST:

\_\_\_\_\_  
Karen Kuznek-Reese, City Clerk

\_\_\_\_\_  
Margaret Jakubcin, Board Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Kristina Nelson-Gross, City Attorney

EXHIBIT I

Resolution of the City of Sequim

[Attached]

## EXHIBIT 2

Resolution of the North Olympic Library System Board of Trustees

[Attached]

### EXHIBIT 3

Description of the Sequim Library Capital Facility Area

[Attached]

## **Exhibit B**

### **MEMORANDUM OF UNDERSTANDING CONCERNING SEQUIM BRANCH LIBRARY FACILITIES AND SERVICES**

#### **I. PARTIES**

This Memorandum of Understanding (“MOU”) is entered into by and among the City of Sequim, a Washington municipal corporation (the “City”), and the North Olympic Library System, a Washington municipal corporation (“NOLS”) (the City and NOLS are collectively hereafter referred to herein as the “Parties”).

#### **II. PURPOSE AND RECITALS**

- 2.1 The existing Sequim Branch Library is presently owned and operated by NOLS to serve residents of the City and surrounding areas.
- 2.2 The City and areas surrounding the City have experienced growth in the number of residents, and the growing population has resulted in increased usage of the existing Sequim Branch Library.
- 2.3 The existing Sequim Branch Library cannot accommodate the larger collection needs of the growing population, and cannot support events and programs requested by community members.
- 2.4 The City Council of the City and the Board of Trustees of NOLS have determined that the cost of developing a new library to replace the existing Sequim Branch Library can most fairly be paid by those residents of the area served by the Sequim Branch Library through the establishment of a library capital facility area and its issuance of bonds to finance the construction, furnishing and equipping of a new library on the same site as the current library.
- 2.5 The Parties intend to request that two propositions be submitted to the voters on November 6, 2018: one to authorize the formation of the Sequim Library Capital Facility Area (“SLCFA”), and the second one to authorize the SLCFA to issue bonds to finance the construction, furnishing and equipping of the New Sequim Branch Library (collectively, the “Proposed Ballot Propositions”) and to levy the corresponding excess taxes to pay the bonds. The Parties wish to clearly identify the agreements and understandings between the parties for the submission of the Proposed Ballot Propositions, so that the voters can clearly evaluate the Proposed Ballot Propositions.

### III. APPLICABILITY AND TERM

- 3.1 Applicability. This MOU shall apply to the Proposed Ballot Propositions and otherwise as expressly set forth herein.
- 3.2 Term. This MOU shall remain in effect until the occurrence of any of the following events: (a) the Proposed Ballot Propositions are not submitted to the voters on November 6, 2018; (b) neither of the Proposed Ballot Propositions receives sufficient votes to pass as verified by certification of the November 6, 2018 election; or (c) the approval, execution and delivery of a three-party interlocal agreement by and among the City, NOLS and the SLCFA (which agreement shall include, *inter alia*, the material substantive provisions of this MOU) with respect to the design, construction, furnishing, equipping, operations and maintenance of the New Sequim Branch Library; provided, that in the event the Proposed Ballot Proposition to form the SLCFA receives sufficient votes to pass at the November 6, 2018 election, but the Proposed Ballot Proposition to issue bonds and to levy the corresponding excess taxes to pay the bonds does not receive sufficient votes to pass, this MOU shall remain in effect until the Proposed Ballot Proposition to issue bonds and to levy the corresponding excess taxes to pay the bonds is resubmitted to the voters as permitted by chapter 27.15 RCW, unless either party requests termination of this MOU on thirty (30) days written notice to the other party.

### IV SEPARATE RESPONSIBILITIES OF PARTIES

- 4.1 Funding. In the event of passage of the Proposed Ballot Propositions, the newly formed SLCFA shall issue the bonds in the full amount, as approved by the voters, and make the proceeds available to NOLS exclusively to pay or reimburse NOLS for the costs of designing, constructing, furnishing and equipping the New Sequim Branch Library, consistent with the provisions of chapter 27.15 RCW.
- 4.2 Title to Facility. Legal title to the property consisting of the New Sequim Branch Library (the "Property"), including but not limited to the land, building, furnishings, library collections and equipment acquired with bond proceeds, shall be held by NOLS.
- 4.3 Maintenance and Operation. In the event of passage of the Proposed Ballot Propositions, NOLS shall maintain and operate the New Sequim Branch Library.



## **V. JOINT RESPONSIBILITIES OF PARTIES**

- 5.1 Design and Construction of the Library. NOLS, on behalf of the SLCFA, shall select and contract with the architects, engineers and other consultants and contractors, and shall approve their work. NOLS shall be responsible for administering the finances and construction of the New Sequim Branch Library from proceeds of the bond issue. The costs of design, construction, furnishing and equipping the New Sequim Branch Library shall be paid (or reimbursed) from proceeds of the SLCFA bond issue. NOLS shall be responsible for the selection and acquisition of the furnishings, library collections and equipment.
- 5.2 Election Costs. NOLS shall pay all of the costs of submitting the Proposed Ballot Propositions to the voters of the proposed SLCFA.
- 5.3 Joint Request For Submission of Proposed Ballot Propositions. The Parties shall submit a joint request with their respective resolutions requesting that the Board of Clallam County Commissioners submit the Proposed Ballot Propositions to the voters at an election to be held on November 6, 2018, as set forth therein.

## **VI. DISPUTE RESOLUTION**

- 6.1 The Parties mutually agree to enter into mediation through an agreed upon mediator and process, if agreement cannot be reached regarding interpretation or implementation of any provision of this MOU. The parties shall use the mediation process in good faith to attempt to come to agreement early in the process, and prior to any appeals or litigation which either might otherwise be entitled to bring.

## **VII. CONTACTS FOR PARTIES**

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City of Sequim  
152 W. Cedar Street  
Sequim, WA 98382  
[phone]

Margaret Jakubcin  
Library Director  
North Olympic Library System  
2210 South Peabody Street  
Port Angeles, WA 98362  
(360) 417-8500

**IN WITNESS WHEREOF**, the parties have signed this MOU, effective on the latest date indicated below.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF SEQUIM, WASHINGTON

NORTH OLYMPIC LIBRARY SYSTEM

\_\_\_\_\_  
Dennis Smith, Mayor

\_\_\_\_\_  
Mark Urnes, Chair,  
Board of Trustees

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

ATTEST:

\_\_\_\_\_  
Karen Kuznek-Reese, City Clerk

\_\_\_\_\_  
Margaret Jakubcin, Board Secretary

Approved as to form:

\_\_\_\_\_  
Kristina Nelson-Gross  
City Attorney

## RESOLUTION NO. \_\_\_\_\_

### A RESOLUTION OF THE CITY OF SEQUIM REQUESTING THE ESTABLISHMENT OF THE SEQUIM LIBRARY CAPITAL FACILITY AREA TO FINANCE A NEW LIBRARY IN SEQUIM AND THEREBY EXPAND LIBRARY SERVICE.

WHEREAS, library service to the residents of the City of Sequim (the “City”) and the residents of the area surrounding the City is provided through a library facility (the “Sequim Branch Library”) owned and operated by the North Olympic Library System (“NOLS”); and

WHEREAS, the City and the areas surrounding the City have experienced a rapid growth in the number of residents; and

WHEREAS, the growing population has resulted in increased usage of the existing Sequim Branch Library; and

WHEREAS, the existing Sequim Branch Library cannot accommodate the larger collection needs of the growing population, and cannot support events and programs requested by community members; and

WHEREAS, chapter 27.15 RCW permits, upon the request of the City and NOLS and the approval of the voters, the creation of a library capital facility area to construct, acquire, maintain and remodel library capital facilities; and

WHEREAS, the cost of developing a new library to replace the existing Sequim Branch Library can most fairly be paid by those residents of the area served by the new Sequim Branch Library through the establishment of a library capital facility area and its issuance of bonds to finance the construction, furnishing and equipping of the new Sequim Branch Library; and

WHEREAS, NOLS and the City expect that (a) NOLS shall be responsible for designing, administering the construction, furnishing and equipping of, and owning, operating and maintaining the new Sequim Branch Library to be financed by the approved ballot propositions as set forth in the Memorandum of Understanding between NOLS and the City (in the form attached hereto as Exhibit B); and (b) the Sequim Library Capital Facility Area governing body will enter into an appropriate interlocal agreement with the City and NOLS agreeing to such arrangements;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEQUIM, AS FOLLOWS:

1. Approval and Creation of Sequim Library Capital Facility Area. The City finds that a new library facility in the City is essential to the public welfare and to the residents of the City and the residents of Clallam County in the areas surrounding the City. The City hereby approves of creation of a library capital facility area to be known as the “Sequim Library Capital Facility Area.”

2. Request to the Board of Clallam County Commissioners. The City requests that the Board of Clallam County Commissioners, pursuant to chapter 27.15 RCW, provide for the establishment of the Sequim Library Capital Facility Area and submit to the voters of the said area two ballot propositions at a special election to be held on November 6, 2018, which shall read substantially as follows:

Proposition 1: The Board of Clallam County Commissioners adopted Resolution \_\_\_, concerning a proposition to establish the Sequim Library Capital Facility Area, with boundaries that are coextensive with that portion of the Sequim School District that is located in Clallam County. This proposition would establish the Sequim Library Capital Facility Area with all the powers provided in chapter 27.15 RCW, including the power to construct, acquire, maintain and remodel library capital facilities. Shall this proposition be:

APPROVED      ☐      REJECTED      ☐

Proposition 2: The Board of Clallam County Commissioners adopted Resolution No. \_\_\_, concerning a proposition to enable the Sequim Library Capital Facility Area to finance a library facility. This proposition would authorize the Sequim Library Capital Facility Area to construct, furnish and equip a new library in Sequim; to incur indebtedness to finance such improvements through the issuance of up to \$[12,400,000] in general obligation bonds maturing within [21] years; and to levy annual excess property taxes to repay such bonds. Shall this proposition be:

APPROVED      ☐      REJECTED      ☐

3. Approval of Joint Request. The City approves the Joint Request for Establishment of the Sequim Library Capital Facility Area (the “Joint Request”), attached hereto as Exhibit A.

4. Election Costs. NOLS shall pay all of the costs of submitting the two ballot propositions to the voters of the proposed area.

5. Memorandum of Understanding. The City hereby approves the Memorandum of Understanding between the City and NOLS (hereinafter the “Memorandum of Understanding”) in the form attached hereto as Exhibit B. The Mayor is authorized to approve any revisions made to the Memorandum of Understanding that are determined to be in the best interests of the City and to execute the Memorandum of Understanding on behalf of the City.

6. Condition of Request. This request is conditioned upon the receipt of a similar resolution from NOLS requesting creation of the Sequim Library Capital Facility Area.

7. Authorization to Submit Resolution to the Board of Clallam County Commissioners. The Mayor and the City Clerk are hereby authorized and directed to certify a copy of this Resolution and submit it to the Board of Clallam County Commissioners with the Joint Request.

Passed by the City Council and approved by the Mayor of the City of Sequim,  
Washington, at a regular meeting thereof held this \_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF SEQUIM, WASHINGTON

By: \_\_\_\_\_  
Dennis Smith, Mayor

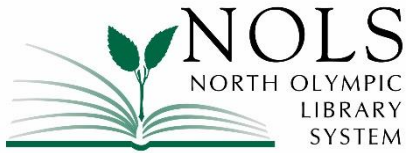
ATTEST:

\_\_\_\_\_  
Karen Kuznek-Reese, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Kristina Nelson-Gross, City Attorney





## 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
<b>Total Projected increase to operating costs</b>	<b>\$95,000</b>

**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.