Notice of Public Hearing

North Olympic Library System
2210 S. Peabody Street
Port Angeles, WA 98362

Public Hearing on 2026 Operating Budget

Monday, November 17, 2025, 5:30pm
Port Angeles Main Library
2210 South Peabody Street, Port Angeles, WA 98362

The North Olympic Library System Board of Trustees will hold a public hearing on the Library's draft 2026 Operating Budget during the Board's regular meeting on Monday, November 17, 2025, at 5:30pm. The Library's budget for 2025 is $7,327,025 and the proposed budget for 2026 is $7,323,969.

Members of the public are encouraged to share their thoughts at the November Board meeting, or if you cannot attend, by emailing the Executive Director, Noah Glaude, at Director@nols.org, or by emailing LibraryBoard@nols.org.

Library budget and financial information is available on the Library's website at nols.org/board-administration/.

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NOLS
NORTH OLYMPIC LIBRARY SYSTEM

Board of Trustees Regular Meeting
Monday, November 17, 2025 5:30pm
Port Angeles Library

REMOTE ACCESS
If unable to join in person, members of the public may participate in the meeting via internet or phone using the instructions available prior to the meeting at www.nols.org/board-administration.

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 discuss or 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.

AGENDA

1. Call to Order, Roll Call and Introductions

2. Land Acknowledgement

3. Approval of Agenda

4. Approval of minutes for the regular meeting of October 23, 2025
   Approval of minutes for the special meeting of November 4, 2025

5. Communications

6. Public Comments

7. Unfinished Business
   U.1. Updating NOLS Strategic Roadmap

8. New Business
   N.1. Review and discussion of proposed 2026 Operating Budget
   N.2. Public Hearing on the proposed 2026 Operating Budget
   N.3. Approval of Resolution 25-11-08 (Library Levy)
   N.4. Approval of Resolution 25-11-09 (Transfer from Capital Reserves for LOCAL Financing)

9. Public Comments

10. Trustee Comments
Library Board members may ask a question for clarification, make a brief announcement or make a brief report on their activities. In addition, Board members may refer an item to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any NOLS matter, or direct staff to agendize a matter of business on a future agenda.

11. Next meeting: 3:00pm, December 18, 2025 (Special Board Meeting)

12. Agenda items for next meeting

13. Executive session to discuss performance of a public employee

14. Action on executive session, if any

15. Adjournment

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

NOLS Mission Statement
Adopted 11/22/16

Upcoming Board Meetings

Date	***Time***		***Location***
Thursday, December 18, 2025	***3:00pm***	*Special meeting*	*Sequim*
Thursday, January 22, 2026	*5:30pm*	*Regular meeting*	*Port Angeles*
Thursday, February 26, 2026	*5:30pm*	*Regular meeting*	*Forks*

Note: no regular Board meetings scheduled in July or December.

North Olympic Library Foundation Meetings generally occur on the same dates as NOLS Board meetings, usually at 3pm via Zoom.

Friends of the Library Meetings

Clallam Bay Friends of the Library	Varies. Check with Clallam Bay Branch staff for the next date.
Friends of the Forks Library	Varies. Check with Forks Branch staff for the next date.
Port Angeles Friends of the Library	Second Tuesday of the month at 10:15am at the Port Angeles Library.
Friends of Sequim Library	Annual Meeting is held the third Tuesday in July at 9:30am.

Note: Foundation and Friends meeting schedules can vary; please check with Library staff to confirm before attending.

NORTH OLYMPIC LIBRARY SYSTEM

Board of Trustees Regular Meeting
Thursday, October 23, 2025 5:30pm
Port Angeles Main Library

MINUTES

1. Call to order, roll call and introductions
   Board Chair Jennifer Pelikan called the meeting to order at 5:30pm. Trustees present: Jennifer Pelikan, Bert Caldwell, Cyndi Ross, Betty Marcoux, and Ian Miller. Library staff present: Executive Director Noah Glaude, Public Services Director Meghan Sullivan, Finance Manager Amy Hough, and HR and Business Manager Shaina Lent. Guests present: Peninsula Collage eLearning Coordinator Tamara Rotz.

2. Land Acknowledgement

3. Approval of agenda
   Motion by Betty Marcoux to approve the agenda as presented. Motion seconded by Bert Caldwell. Motion carried.

4. Approval of minutes for regular meeting of September 25, 2025
   Motion by Cyndi Ross to approve the minutes from the September 25, 2025 regular meeting. Motion seconded by Ian Miller. Motion carried.

5. Communications
   None

6. Public Comments

7. Presentation – Intellectual Freedom in Public Libraries, Dr. Tamara Rotz

8. Financial Reports: September 2025
   The financial reports for September 2025 were accepted as presented.

9. Approval of Vouchers: September 2025
   Motion by Bert Caldwell to approve the September 2025 vouchers, numbered #920 through #1023, in the amount of $1,171,296.24. Motion seconded by Ian Miller. Motion carried.

10. Unfinished Business
    U.1. None

11. New Business
    N.1. Review and discussion of proposed 2026 Operating Budget
    No action taken.

    N.2. Public Hearing on the proposed 2026 Operating Budget
    No action taken.

12. Reports
    R.1. Monthly Statistics Reports: September 2025
    R.2. Monthly Activity Reports: September 2025
    R.3. Customer Comments: September 2025
    R.4. Highlight Log: September 2025

    All reports were accepted as presented.

13. Public Comments

14. Trustee Comments

    Library Board members may ask a question for clarification, make a brief announcement or make a brief report on their activities. In addition, Board members may refer an item to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any NOLS matter, or direct staff to agendize a matter of business on a future agenda.

15. Next meeting: 5:30pm, November 4, 2025 (Special Board Meeting)

16. Agenda items for next meeting

    Second public hearing for the NOLS 2026 Operating Budget

17. Adjournment

    There being no further business, the meeting was adjourned by the Chair at 7:31pm.

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

NOLS Mission Statement
Adopted 11/22/16

CERTIFIED AS TRUE AND CORRECT

Chair

Board Secretary

NORTH OLYMPIC LIBRARY SYSTEM

Board of Trustees Special Meeting
Tuesday, November 4, 2025 5:30pm
Port Angeles Main Library

MINUTES

1. Call to order, roll call and introductions
   Board Chair Jennifer Pelikan called the meeting to order at 5:30pm. Trustees present: Jennifer Pelikan, Cyndi Ross, Bert Caldwell and Ian Miller. Library staff present: Executive Director Noah Glaude, Public Services Director Meghan Sullivan, Finance Manager Amy Hough, West End Library Manager Troi Gale Velasquez, and HR and Business Manager Shaina Lent. Guests: Miriame Cherbib and Ankur Delight of Speaking Justice.

2. Land Acknowledgement

3. Approval of agenda
   Motion by Betty Marcoux to approve the agenda as presented. Motion seconded by Cyndi Ross. Motion carried.

4. New Business
   N.1. Strategic Roadmap Verbal Update
   Miriame Cherbib and Ankur Delight of Speaking Justice provided an overview of the work they have done with NOLS to collect input from the public and staff, analyze that feedback and assist with drafting an updated Strategic Roadmap for NOLS.

   No action was taken.

5. Public Comments

6. Adjournment
   There being no further business, the meeting was adjourned by the Chair at 6:45pm.

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

NOLS Mission Statement
Adopted 11/22/16

CERTIFIED AS TRUE AND CORRECT

Chair

Board Secretary

Staff Report

Meeting Date:	November 17, 2025
To:	Library Board of Trustees
From:	Noah Glaude, Executive Director
Subject:	Approval of NOLS 2026-2030 Strategic Roadmap
Attached:	Draft NOLS 2026-2030 Strategic Roadmap Strategic Roadmap Planning Community Input Report Strategic Roadmap Planning Staff Input Report

Background
In July 2025, the North Olympic Library System entered into a contract with a local consultant, Speaking Justice, to facilitate the process of creating a new five-year Strategic Roadmap. A community survey was conducted in August 2025 and staff workshops were also held at each library branch. NOLS' current mission, values and strategic initiatives can be found online here.

Discussion
Speaking Justice analyzed the community and staff input collected and presented it in the attached reports. Their findings were shared at NOLS All Staff Training Day and a special Board of Trustees meeting. The consultants also met with the Management Team to review projects that had been identified to help achieve strategic goals and determine how achievable those projects are and how they should be prioritized.

Utilizing the input from community members and staff, a draft Strategic Roadmap for 2026-2030 was created and shared with the Board of Trustees and the Management Team in early November 2025. Feedback received was then incorporated into the final draft presented here.

Once the language of the new Strategic Roadmap is approved, NOLS staff will prepare a new print version of the document and a new web page highlighting the plan. An internal version of the Strategic Roadmap will also be created to highlight how specific projects align with the plan.

Alternatives to Consider
The Board may request additional information and/or may propose changes, prior to adopting the 2026-2030 Strategic Roadmap.

Recommendation
The Board of Trustees move to adopt the 2026-2030 Strategic Roadmap as presented.

DRAFT

North Olympic Library System 2026-2030 Strategic Roadmap

In 2025, the North Olympic Library System (NOLS) engaged in a strategic planning process. Trustees, staff, and community members provided feedback about what they thought the Library should focus on during the next five years.

This participatory process resulted in the creation of five high-level goals, forming a new Strategic Roadmap for NOLS.

Goal #1: Develop Collections and Services to Meet Community Needs

NOLS will develop its collections and services to meet the diverse needs of our communities, fostering literacy and providing dependable information sources. Whether you are reading for fun, researching a topic, or accessing online tools, we will have the right resources for you.

[SEE EXAMPLES OF PROJECTS]

Goal #2: Expand Outreach and Accessibility to Serve All Patrons

Getting a library card will be an accessible and simple process for all ages. NOLS will develop and maintain facilities and services that are welcoming for all. If a patron cannot easily access a library branch, we will reach them with alternative and innovative service models.

[SEE EXAMPLES OF PROJECTS]

Goal #3: Offer Engaging Programming that Brings Communities Together

NOLS will be a lively cultural and lifelong learning center for Clallam County residents. Focusing on opportunities for creativity, learning, and connection, the Library will organize fun and impactful programs that speak to you, regardless of age, income or ability.

[SEE EXAMPLES OF PROJECTS]

Goal #4: Support Our Local Economies

NOLS will connect entrepreneurs, job seekers, and employers to the resources and training they need to be successful. The Library will strive to develop close working relationships with other community agencies, organizations and businesses to foster cooperation, making the most efficient and effective use of taxpayer resources.

[SEE EXAMPLES OF PROJECTS]

Goal #5: Strengthen NOLS as an Organization

Meeting these goals will require a strong team made up of skilled staff members dedicated to the mission. Policies, procedures, internal systems, and professional development opportunities will be improved to support the team's work. The Library's financial sustainability will be prioritized to ensure quality library service can be provided into the future.

[SEE EXAMPLES OF PROJECTS]

North Olympic Library System Strategic Roadmap Planning Community Input Report

Prepared by consultant and facilitator, Speaking Justice.

1. Background

Between August 12th and 30th, NOLS' community members were invited to respond to a paper and online survey about what they would like to see happening at the library in the next five years. The survey was part of NOLS's effort to include the community's voice in the strategic planning process.

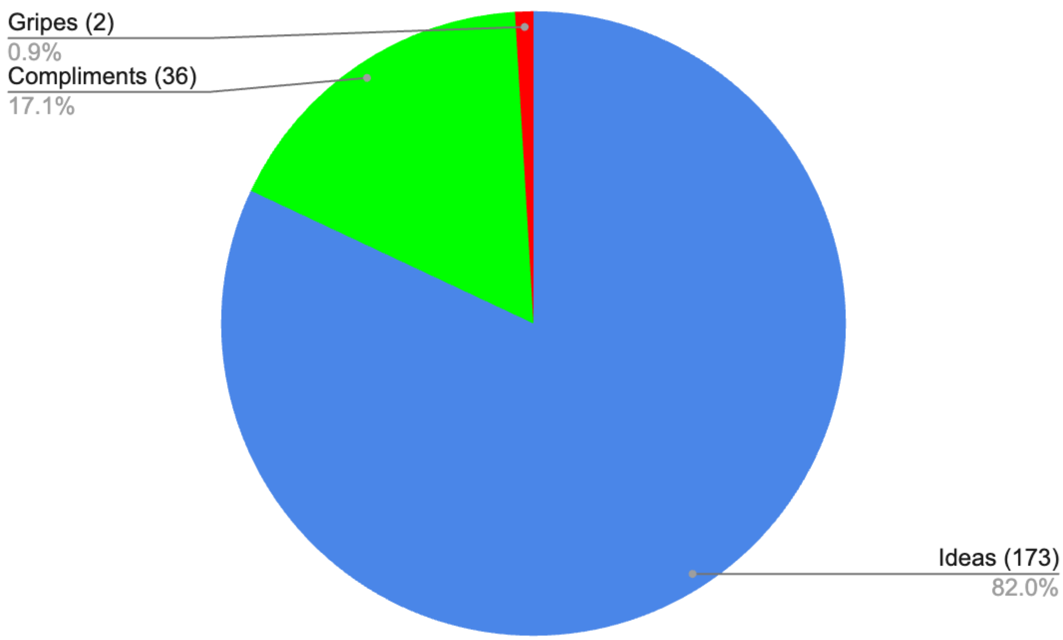
2. General Observations

The Library received a total of **201** responses with Community Input.

The table below shows the breakdown by type (paper vs. online) and primary library of the respondents:

	Online	*Paper*	**Total**
Bookmobile	1	0	1
Clallam Bay	3	0	3
Forks	11	10	21
I don't use the library	1	1	2
Online	17	0	17
Port Angeles	69	11	80
Sequim	69	8	77
Total	171	30	(201)

Not all the responses contained ideas or input about the strategic plan, but instead could be more described as compliments or gripes (**18%** of the input). Other responses contained multiple ideas and different themes.



Neither compliments nor gripes are relevant to our analysis in the context of the Strategic Planning process.

3. Data Analysis

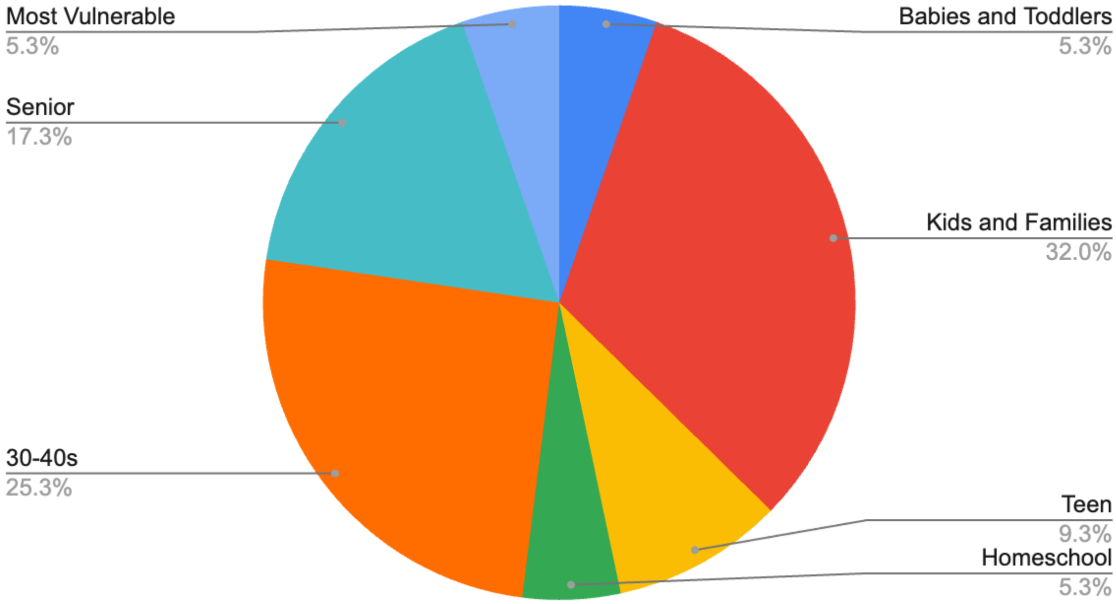
In breaking down the ideas, I found it helpful to use two types of categories: **Audience** and **Theme**.

I will also address the presence of political opinions and highlight some of the input that brought interesting ideas or showed a deep commitment to the library from the respondent.

a. Audience

Of the 173 ideas, **75** of them (**43%**) were related to a specific audience, while **98** of them (**57%**) were not.

Of those ideas that were targeted at a specific audience, here's the % breakdown by audience.



Adults (30s-40s)

Respondents interested in adult (30-40s) services provided the most detailed feedback and specific ideas. These responses were almost exclusively focused on events, with their primary need being a sense of connection to their community.

Kids and Families

Kids and Families were primarily interested in events that focused on reading support and making reading fun (like challenges). Multiple respondents requested kids' reading events that were after normal work hours, so both kids and working parents could attend.

Seniors

Many of the senior responses were about the importance of physical books. Here's a representative comment:

"Please focus on print books. They are your main product and attraction. Having new titles, especially non-fiction, only in e-books or audio books is forbidding [sic] to many of us old people. The average age in Sequim is 60."

Seniors were also interested in large print books and home delivery services.

Teens and Homeschool

Respondents who identified teen-related and homeschool-related ideas also concentrated on events.

Babies and Toddlers

The ideas that mentioned babies and toddlers were focused on improving indoor play spaces for babies and providing more board books.

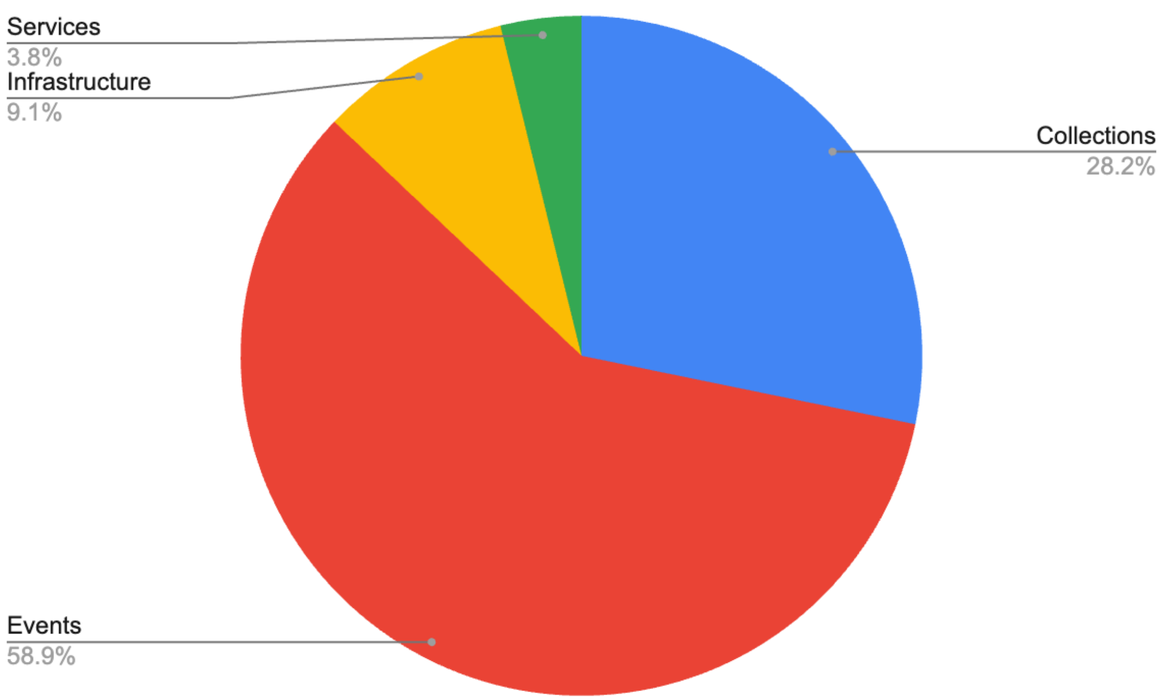
Most Vulnerable

The ideas that highlighted the most vulnerable focused on the library providing services such as food, social services representatives, Narcan, and safe spaces.

b. Theme

Across the shared feedback, I was able to fit themes to **209** of the ideas. **38** ideas were either too specific or too infrequent to merit their own theme.

I created four categories of themes: Services, Infrastructure, Collections, and Events.
The diagram below represents the distribution of themes.



Events (123)

Events were the dominant theme of the entire survey process, revealing a deep need for connection in the community.

I broke Events into the following six categories:

Events - Art/Culture	22
Events - Civics/Information Literacy	10
Events - Connection	**62**
Events - Language	4
Events - Literacy	15
Events - Natural History	10

While "Connection" was the reason I identified for **59%** of the event ideas, I believe that number is actually severely underestimated. Except for the literary and civics events, I believe that every other category of event is actually a desire for connection in the guise of intellectual or cultural interest.

Most of the civics requests were actually concerns about our democracy's ability to handle AI-generated misinformation without collapsing.

Collections (59)

The ideas surrounding collections show a deep interest from the local community in physically visiting the library. The two main types of requests – physical books and Library of Things – involve going in person and physically borrowing something from the library. In total, **70%** of these requests could only be satisfied in person.

Collections - Audiobooks	6
Collections - Computers	2
Collections - eBooks	9
Collections - LARGE PRINT	3
Collections - Library of Things	**12**
Collections - Physical Books	**24**
Collections - Sheet Music	1
Collections - Spanish	2

Audiobooks and eBooks together accounted for **25%** of the responses.

Interestingly, electronic materials received criticism from a few respondents, who seem to be frustrated or disappointed that a certain title is available (yay!) but only in electronic form (boo!), which the patron cannot or does not want to access.

Infrastructure and Services (27)

These represented a small amount of the total responses, but many reflect an important cross-section of community needs that are presently unmet (presumably neither by the library nor other community resources).

Infrastructure - Bookmobile	2
Infrastructure - Expand Library	2
Infrastructure - Maker Space	6
Infrastructure - Soundproof Rooms	9
Service - Home Delivery	3
Service - Hours	1
Service - Tech Help	4

c. Politics

Given the divisive and fraught political context, it's worth mentioning political responses. Every political comment saw NOLS as a left-leaning institution. There were many more positive responses to this than negative ones.

Here are two representative positive responses:

- "For me the library is a place of inclusive welcome"
- "We're going to need mutual aid to be the biggest focus as our government strips away safety nets"

Other political responses urged NOLS to be more political in one direction or another, to be more aligned with the respondent, but without any usable ideas.

There were five negative responses to the perception of NOLS as a left-leaning institution. I am including these responses to raise awareness of their presence and potentially learn from them without *overvaluing them*.

> "NOLS needs to service the community it is a part of — not the community it thinks it should create. Stop pushing the literature of the LGBTQ and POC community."

2	"Make sure you provide a balance of perspectives and viewpoints in your physical collection and community events. In this hyper partisan world, try to be nonpartisan and not take sides. It seems that libraries and their staff/administrators have gone far-left in recent years, which can alienate significant parts of the community and lead to groupthink. Make sure you are a library for all of Clallam County, not just liberals."
3	"The face of the library system has changed; and not all for the better. I strongly believe that we should be kind to all. But promoting one's sexual orientation or preferences is not something to be done on a public platform. Children should be taught those topics by the parents at home. Not in schools, not in libraries. If someone with a kind heart wants to entertain children, leave the sexual business out."
4	"Keep it kid friendly with NO TRANSGENDER INDOCTRINATION!"
5	"Please keep sexual content and events out of our local library."

d. Gems

All 200+ of the ideas are in the raw data and can be explored. I wanted to share a few "gems" that stood out, either because of the clarity of the idea or the time the participant took to respond.

From a teacher:

- "Hello! I'm a teacher from PAC-WEST. I would love a book club during school (9-3) hours for 5th/6th grade. After hours don't work as well but may be doable. We would love it if it was book based instead of play based, since they can hang out with friends other times. I hope we can get something going! We would love it!"

From a student:

- "I wish that there were more programs for 4th, 5th and 6th graders. I did books and trivia last year and wish that there was something like that in my grade. An idea I had for a program was coming to the library after-hours and reading with friends. I would also like if the library showed kids movies. I think it would be so cool if the Sequim library had a after-school crafting club for tweens. It would be awesome if there was a soap making class."

Donation:

- "I would like to donate books that are not currently available in the library collection. Because they weren't available I had to purchase them. I'd love for others to have access to them."

- "NOLS might try locating communities that could benefit from the overwhelming donations of books, movies, DVDs etc. that it receives. This has been an ongoing issue of not being able to donate these items to the library."

Accessibility Concerns:

- "First thank you for asking input from the community!
  1) train library staff in Narcan administration.
  2) computers for printing are not in acceptable reach for people in wheelchairs. There is nothing wrong with requesting help. But it does reduce autonomy, self-determination, independence, growth of confidence, and inclusivity.
  3) computers at the desks are not easily approachable for people that use wheelchairs. Or people that need an assistant sitting directly next to them for typing. I work as an employment consultant for the developmental disability administration. If you would like additional input regarding disability inclusion or job training resources. My number is (360) 461-7810. Thanks, Nina Judson"

Easy win:

- "More and more people are becoming chemically sensitive, so it would be extremely helpful if the library could source fragrance-free and non-toxic cleaning products/sanitizers, etc. Thank you for your consideration!"
- "Please consider a different approach to systematic collection redirecting. Right now, it can take, literally, days to shift a requested material from one library to another and be put on hold for patrons."
- "Regarding privacy items on hold, I think something similar to first name and only first 3 letters of last name."

Homeschool Ideas:

- "Homeschool Hub with curriculum support, learning kits, co-op meetups, and special daytime programs for families. Invite volunteers with unique life experiences: firefighters, refugees, scientists, local artists, to be "borrowed" for a 30-minute conversation. Library Radio / Podcast Studio Provide equipment to record community podcasts on local stories, history, and share them through a library network. Partner with Peninsula College for free or low-cost certifications (Google Career Certificates, Microsoft Office, trades). Light-therapy reading lounges in winter, could double as quiet "Recharge Rooms" for caregivers or neurodivergent patrons. NOLS gear: A semester of taekwondo. Team Challenge Kits: Games for small groups like capture-the-flag equipment, relay race kits, or cooperative puzzle challenges. Board Game Lending: Strategy, cooperative, and educational board games for teen and family game nights."

Young Adult Needs Connection!

- "I am a frequent user of the library for checking out books and eBooks, but rarely attend any events there. I'm a younger adult and it is hard in our area to connect with others my age--especially if you don't have kids. There are a lack of programs at the library that seem geared towards a younger adult demographic. I would appreciate workshops for adults, bringing in artists to lead something that many people wouldn't be able to just do at home--or that they might be priced out of taking at another local spot. Being able to try out new creative endeavors, meet others with the same interest, and come away having made something would be valuable to me. Topics I think would be cool are screen printing, wool felting, embroidery/cross stitch, cyanotypes, mending. I would love more author talks! And artist talks--I read many graphic novels and would love to hear from artists and writers more about their processes. Bringing in bands from outside the area for some of the library concerts would also be cool, there are a lot of smaller bands in the Seattle area that would be fun. If NOLS could partner with another organization to have free winter items available--coats, hats, gloves--seasonally, there are many in our community who would benefit. When I'm at the library I sometimes see situations happening that look hard for staff to deal with, and I wonder if there is a partnership that could happen to have someone at the library who is better able to connect people to services they may need for mental health assistance, housing, food, etc. I think book groups by genre would be really fun and could be a great way to dive deeper into genres I already like. The current book groups that sort of jump around in genre/topic aren't for me. I'd love a fantasy book club, or even an LGBTQ+ literature book club. I appreciate when NOLS recognizes cultural events and celebrations like Pride, Native American Heritage Month, and more. I would love to see more events during these times geared towards learning and connection."

- "We need more programming for adults in the 30-40 range. There has been nothing appealing for my partner and myself to attend over the last few years. I see a lot of things aimed at children and older folks, but nothing specific to mid-range adults. Local music shows outside the big meeting room for adults, trivia events, after hours adults game events, harvest festival with a maker fair and gift exchange, I loved the movies and wish they'd come back maybe on a different day and time. More open calls for art, the art show from last summer was wonderful to see, so many different art styles! Other opportunities could be visits to elder care facilities for story sharing, a booth at the farmers market, a clothing closet for unhoused people, maybe partnering with local makers and artists for weekly/monthly art or craft classes, more volunteer opportunities for local folks to participate in library operations, sensory friendly hours once or twice a week with dimmer lighting, a video game library, communication boards for nonverbal people, a sensory map of places within the library that highlights where different items are located as well as quiet or louder/busier areas are, notary services, a tool library, peer groups like memory and disabilities cafes for people to find community in a safe place, provide space for group therapy, an on staff social worker for the community and staff, writing, art and poetry clubs for adults with weekly meetings, bring back the seed library, art supply exchange, auto mechanics classes, fly tying and fishing lessons, mental health supportive programming like meditation and breath work, host community blood and emergency supply drive, food drive, camping equipment swap, Halloween costume party, adult book report fair where people can make a diorama or a report to share why they love their favorite book and display them throughout the library, pinhole photography take and make kit, help people find pen pals, support events for people who've experienced incarceration, more outside events in the fall and spring would be nice."

Get Patrons Involved:

- "I would suggest that NOLS adopt a sustained focus aiming to strengthen and expand its core collection… Active library users can be engaged in the selection process. What are the most significant books you have ever read? Of your favorite writers, what is their most notable book? I offer this as a suggestion for improving what is already a very good library collection."

- "Some Scandinavian libraries have living "experts" listed to consult regarding life problems to discuss specific limited topics: i.e. "What's it like to be a teacher?" "Explain the known Universe.""

Policies

- "NOLS can best serve Olympic Peninsula communities by adopting and practicing the Association Of Library Professionals' Principles of Library Service: https://alplibraries.org/wp-content/uploads/2024/11/principles-of-library-service.pdf"

- "This might be an unpopular idea, but bring back collecting late fees. It won't cover the recent financial cuts, but will teach the patrons some responsibility. I understand you want everyone to have access to library materials. NOLS offers an ample borrowing period… Actions should have consequences. Your late fees weren't astronomical. The lesson of responsibility and returning what one borrows in a timely manner may overflow into other areas of the patron's life and maybe, just maybe, may lift the community as a whole to a higher standard of decency."

Events

- "Language "cafe" for native speakers"
- "I'd like to see another movie offered in the park, one based on a book. The kids who check out and read that book before the movie get special seating or a special snack or something as a reward."
- "The Big Read, like a citywide book club the library encourages everyone to read the same book over the summer and then in the fall there are events and speakers and things related to the book and the themes"
- Bring back Read it or Weep and Book and Libations

North Olympic Library System
Strategic Roadmap Planning
Staff Input Report

Prepared by consultant and facilitator, Speaking Justice.

Background

During the month of August 2025, we conducted five in-person and one virtual participatory planning meetings with NOLS staff. During the meetings, we gave staff the five categories of initiatives NOLS' Executive Director wants to focus on over the next five years and asked them what kinds of initiatives would help NOLS best meet its mission, as expressed by those categories.

The staff came up with 233 ideas:

Category	Themes	Ideas
All	41	233
#1: Relevant Collections & Services	**7**	**38**
#2: Outreach & Accessibility	**9**	**53**
#3: Fun and Engaging Programming	**6**	**40**
#4: Supporting our Local Economy	**6**	**43**
#5: Supporting our Staff	**13**	**55**
Other	**1**	**4**

We themed the ideas in each category and have presented the full themes below.

Executive Summary

Our key takeaways from this process are:

1. Many (but not all) staff are very interested in playing an active role in NOLS' future strategic direction.
2. Many of the issues staff would like to solve/advance can be addressed on an individual or branch level and do not need resources from NOLS management.

3. Identifying the best strategies to meet shared goals (like "balancing collections with demand" or "programs that meet the needs of our patrons") are important and time-consuming prerequisites to those goals.
4. We never heard a clear boundary of the kind of service that NOLS could not or should provide. This lack of clarity can lead towards diffusion of resources (mission creep) and/or staff and community disappointment and confusion.

We would recommend addressing those takeaways as follows:

1. Creating more (optional) opportunities for staff input and co-creation, especially at the branch or sub-branch levels.
2. Decide/clarify how much autonomy each level has over each type of decision, and which decisions should be standardized across branches.
3. Invest in stakeholder research to answer the following questions:
    a. Which collections are important to which communities?
    b. Which NOLS Gear items/categories are important to which communities?
    c. What accessibility needs do patrons (at each branch) have?
    d. What services would each target underserved group find most interesting?
4. Clarify and communicate NOLS' vision through examples involving specific limits on NOLS' mission.

Staff-specific notes:

In addition to patron-facing concerns, there were a number of staff-facing concerns. It is also worth mentioning that the unionized environment was never mentioned.

Finally, we noticed a tension between West-End staff and the nucleus of organization. West-End staff expressed feelings of alienation and resentment. While some of the requests made were around resource allocation, we believe that a few concrete actions (organizing an All-Staff Training Day on the West-End, for example) could lead to an increased feeling of inclusion and respect.

Category #1: Relevant Collections & Services

Theme	# Ideas
Balancing Collections	7
NOLS Gear / Library of Things	7
Specific Collections	6

Community Services	6
Systems / Processes	5
Printing	4
Tools At The Library	3

Balancing Collections (7)

There were two main ideas in Balancing Collections:

1. Making sure that every patron had access to the same quality of on-shelf collections, regardless of which branch they went to.
2. Matching the collection size to demand at that particular branch.

These two main ideas are frequently at odds – if the population in Forks has different interests from the population in Sequim, the second idea suggests they should have collections that reflect local interests, while the first idea suggests they should have similar sets of collections.

These ideas can be reconciled if we think of "standard" and "elective" collections – perhaps the library staff think there should be standard collections in every library (a Spanish collection was one example they gave), but the size of each of the elective collections should be determined by need and interest at each particular branch.

Key to this process would be a data collection and analysis project on which communities wanted which kinds of collections, so each branch's elective collections could be matched to local needs.

NOLS Gear / Library of Things (7)

Ideas in this category imagined a much broader NOLS Gear budget and collection, including supplies for:

- Art
- Crafts (cricut, sewing machines, knitting needles, carving knives)
- Gardening (hand tools, power tools)
- Home improvement (power tools)
- Audio/Visual (mics, vlog cameras, drones)
- Wellbeing (happy lamps, wheelchairs, aide items)

Similar to Balancing Collections, it seems that the long-term success of this initiative would be linked to a needs assessment of what each community is excited about using.

Specific Collections (6)

Rather than long-term strategic initiatives, some staff shared concrete ideas of collections they would like to see:

1. Inclusive and engaging collections with more representation for specific identity groups in our community (linguistic, ethnic, age, etc.)
2. Self-improvement/development resources
3. Collections on our local indigenous people and their history.
4. Collections supporting hands-on education for kids like knitting and carving, sometimes known as "traditional" or "forgotten" skills.
5. Amplified language content (Spanish, Ukrainian, Russian, French, ASL, Brail, literacy for adult learners)
6. Collections focusing on beginning readers and non-native English speakers

Community Services (6)

This theme focused on what needs the community has and easy ways the library could meet them.

Notary services were listed twice, and also came up in conversations across branches.

Other components of the library as a "community information hub" include a display board with community-related information for newcomers and a resource hub for information on local services available, like food, housing, and medical care.

Finally, the library either hosting or coordinating an after-school tutoring program seemed to fit in this program.

Systems and Processes (5)

This category contains a hodge-podge of ideas that could have significant impact because they look at the systems behind the library's current collections and services. Due to their specificity, we list them individually:

1. Reviewing barriers in existing library services with an eye towards "How can we eliminate these barriers".

2. Having a unified display calendar for current events, and celebrations that the library organizes, hosts, or promotes.
3. Catalog and database sharing regionally, which allows expansion of collections without acquisition.
4. Improved request form, so patrons can track their requests.
5. Simplify and separate request forms - different forms for ILLs and suggestions for the catalog.

Printing (4)

This theme contains perhaps one of the most popular ideas overall: Wireless Printing. In addition to wireless printing in the library, other printing ideas included making scanning and faxing easier and wireless printing from home devices.

Tools at The Library (3)

This idea is similar to NOLS Gear in that it seeks to serve patrons' desire to learn and explore in a very practical way, but these ideas involve patrons learning and exploring at the library rather than at home.

A "maker space" was the top idea here, with a 3D printer and other specialized tools. Another idea was a soundproof room at the library for practicing and rehearsing.

Category #2: Outreach & Accessibility

Theme	# Ideas
Community Partnerships	9
More Bookmobile	8
Serving The Whole Patron	7
Educate Public on Existing Services and Collections	6
Lowering Barriers To and Through Technology	6
Meet People Where They Are At	6
Library Comes To You	5

More Volunteers!	3

Community Partnerships (9)

The most popular set of ideas in this category – by far – was achieving NOLS's ambitious goals through partnering with other community organizations. Staff wanted to partner with community-specific groups in order to access (and gain trust with) those communities, including:

- Tribes
- Schools
- Governments
- Professional groups
- Nursing facilities

While various specific types of partnership were mentioned, the key takeaway was widespread desire for a high-level strategic directive around community partnership.

More Bookmobile (8)

The second most popular theme in this category was the Bookmobile. Staff want to expand Bookmobile in every way, including more official stops and sites, off-site programs, pop-ups, and events.

The idea of a Bookmobile or Book Van specifically for the West End also came up for every West End team.

Serving The Whole Patron (7)

Ideas in this category all relate to ways in which NOLS staff want to support their patrons who have social service needs, either directly or indirectly.

Most of the ideas related to providing information about existing government, community, and non-profit social services ("social services librarian").

Some of the ideas went further and proposed NOLS itself address these issues through specific programming (like an afterschool snack program) or infrastructure (a full telehealth setup for confidential medical appointments).

Educate Public on Existing Services and Collections (6)

As the library's set of services grows, it becomes harder and harder for patrons to grasp the entirety of what's available through the library system. This group of ideas all focused on building awareness of the diversity of services and collections NOLS offers.

Lowering Barriers to and Through Technology (6)

Most of the ideas in this category involved NOLS staff being better equipped to help their patrons understand and use technology. This could include computer literacy classes as well as technical support (in-person and by phone).

The idea of an official NOLS app also came up twice.

Meet People Where They Are At (6)

This is the figurative version of "Library Comes To You", making the library more accessible to all members of our community. Specifically:

1. ASL boards to communicate with hearing impaired
2. Sensory hours (quiet, dim & high sensory)
3. Expand accessibility for non-literate and English as a second language adults
4. Widen book aisles to be ADA accessible

Of course, there are many more possible examples. In order to figure out which ideas to implement, one would need a comprehensive understanding of patron accessibility needs (as one group suggested).

Library Comes to You (5)

These ideas all focused on how the library could serve patrons who had difficulty visiting the library in person, but still wanted physical items. This would require (1) understanding which geographic regions are "coldspots" and (2) deploying bookdrops and hold lockers appropriately.

More Volunteers! (3)

While this category seems self-explanatory, we think it's surprisingly deep and complex.

Given all of the (great) ideas staff had to serve their patrons, combined with very real financial constraints, it's no surprise that many staff groups chose to highlight the need for volunteers.

There is also significant overlap in my mind between community partnerships and volunteering, and more centralized/robust volunteer management could be used to achieve many of the goals in Community Partnerships, Serving the Whole Patron, Educating the Public on Existing Services and Collections, Library Comes to You, and more.

Category #3: Fun and Engaging Programming

Theme	# Ideas
Connecting Our Patrons	9
Target Underserved Groups	9
Systems and Processes	7
Nature/Outdoor Programming	4
Specialized Programming	10

Connecting Our Patrons (9)

More than anything else, NOLS staff want programming that connects the patrons to each other. Some ideas focused on one-off events (like concerts), but many staff wanted to create opportunities for patrons to build deeper relationships, either through role-playing games, community organizations, language learning, or group communication.

Target Underserved Groups (9)

The second most popular programming theme relates to getting people to the library who don't usually come.

The group mentioned most often was young adults, from late teens to early 30s.

Other underserved groups included LGBTQIA2+, Tribal members, ESL communities, and assisted living facility residents.

Systems and Processes (7)

There were types of ideas in this theme:

- Overhaul how programs are decided on and planned

- Change how programs are run (guidelines)
- Correcting budget disparities between branches

Like many other themes that came up, staff are looking for clearer procedures and guidelines to help them understand which programs are most needed and should therefore be prioritized.

The budget disparities theme came up repeatedly with staff in Forks and Clallam Bay.

Nature/Outdoor Programming (4)

Fourteen of the ideas in this category were specific programming ideas. Of them, four involved getting people outside of the library and connected to Nature. They included a community garden, plant swaps, a seed library, and outdoor book groups.

Specialized Programming (10)

The last ten ideas are a potpourri of specific programming ideas.

The important message underlying the various ideas is that staff have specific programming ideas they are interested in and want to contribute to.

The high-level initiative behind these ideas is related to giving staff expertise/passion a channel to express itself through NOLS programming.

Category #4: Supporting our Local Economy

Theme	# Ideas
Small Business Development	12
Buy Local	11
Partner Local	10
Workforce Development	6
Financial Education	2

Small Business Development (13)

The most popular theme in this category was helping patrons start and run small businesses.

Ideas included classes and other resources to help entrepreneurs, grant education, business incubators, monthly meet-up groups, co-working spaces, and mentorship programs.

Buy Local (11)

Many of these ideas explicitly mentioned Amazon and Walmart, and advocated for NOLS to prioritize local businesses over large chains when possible.

Other specific ideas of buying locally included buying local art for the library, partnering with local vendors to offer giveaways and free coupons, and highlighting local authors.

Partner Local (10)

Staff were very interested in how NOLS could support local businesses instead of national and international chains.

In addition to all of the Buy Local ideas, staff were interested in highlighting and promoting local businesses to NOLS patrons. While the specifics differed, most of the ideas required focused relationship-building with local businesses.

Workforce Development (6)

Staff had two major components in their ideas to support people find jobs. The first is understanding what jobs were available (job fairs, presentations, partnerships) and the second was helping applicants with the application process (resume and cover letter workshops).

Financial Education (2)

Staff also identified a need for all kinds of financial information and tax support (beyond currently existing seasonal aid), both for individuals and small businesses.

Category #5: Supporting our Staff

Theme	# Ideas
Compensation and Retention	11
Staff Community and Collaboration	10

Trainings and Professional Developement	7
Culture and Process	6
Onboarding	6
Smoother Hiring	4
Specialized Staff	4
Geographical Disparities	2

Compensation and Retention (11)

Compensation was the most popular theme in this category. In addition to the general desire for higher wages and more benefits, there were the following specific ways that NOLS could reward its employees:

- 4-day work week
- "All insurance paid at the same dollar amount"
- Increase in bilingual pay stipend
- Biweekly instead of monthly pay
- Better health insurance rates for dependents

More systemically, staff requested:

- A compensation study and COLA review for the express purpose of retaining staff.
- Change in policies on internal promotion to value experience and leadership skills over formal education

Staff members also noted that monthly pay periods (instead of biweekly) discouraged local applicants with financial insecurity from applying for jobs at NOLS.

Staff Community and Collaboration (10)

The popularity of this team points to a deep desire for community-building and participating in the larger scope of NOLS vision.

The majority of ideas in this theme were related to inter-departmental relationship building, both for education (cross-training) and for building connections.

Other ideas seemed to come from a desire to be understood by their colleagues ("mandatory weekly 1-hour front desk"), or to get help ("Expand roles of PSS staff to relieve Librarians' task load").

There were also explicit requests for community-buildings ("Opportunities outside work to connect").

Trainings and Professional Development (7)

Almost all of the ideas in this theme were a generic desire for more training and professional development. Some seemed rooted in a desire for advancement within the organization ("More intentional training for forward advancement"), while others seemed geared towards success after a promotion ("More training prior to starting major positions").

Culture and Process (6)

We put ideas in this theme that were high-level and would have a transformational impact on the organization. They are unspecific by definition, but the fact these ideas came up points to a desire among staff to participate in the formation of culture and fairness at NOLS.

Some examples:

- Define our culture to help shape these priorities so we know where to put our resources
- Asking staff what they need at beginning of process - include input - not just lip service - genuine
- Standardization of training and culture (web portal and same expectations across system)
- Tightening timeline and clarify process for complaints (more transparency)

Finally, one idea emerged which, if implemented properly, could provide a vehicle for the staff to understand the specifics of what they want:

- Employee Action Committee - a monthly meet up between staff and representatives to act as a communication pipeline directly to administration and back to increase transparency and prevent burnout

Onboarding (6)

All of the ideas in this category point to a sense of confusion or dissatisfaction that accompanied the onboarding experience. Two specific ideas which emerged were an "onboarding buddy" to build both relationships and knowledge and "seminars/workshops" or employee benefits.

More systemically, staff wanted more "standardized training for new hires", "keeping SOPs up to date", and more eLearning for new hires.

Smoother Hiring (4)

There were two ideas about recruitment and two ideas about the application process.

Recruitment:

- "Prioritize recruiting from local communities by posting physically and locally in the community"
- "Involving outreach in recruitment"

Staff also noted that biweekly pay periods would improve local recruitment, and in general seemed to think recruiting locals should be a goal.

Application:

- "Give interviewees some questions in advance"
- Change hiring process so references are always checked

Specialized Staff (4)

Staff requested the following specialized positions:

- Collection management librarian
- Youth services librarian to focus on elementary schools
- Programming librarian
- Small business assistance librarian

Geographical Disparities (2)

These ideas only came from West End staff. However, the root feelings behind these ideas were very strong and should probably be addressed in some form, even if these specific ideas don't work for the organization.

- Correcting geographical disparity: West End staff should have increased travel stipend, and an option to do training and meetings virtually. If in-person meetings are important, they should be held at West End sometimes so others experience how disruptive the commute is.
- All Staff Training day at West End

NOLS
NORTH OLYMPIC LIBRARY SYSTEM

2026 Proposed Operating Budget

Second Board Review and Public Hearing
November 17, 2025

Staff Report

Meeting Date:	November 17, 2025
To:	Library Board of Trustees
From:	Noah Glaude, Executive Director
Subject:	Review and Adoption of the Operating Budget for Fiscal Year 2026 Public Hearing on the 2026 Budget
Attachments:	Proposed 2026 Operating Budget Summary 2026 Budget Guidelines

Topic/Issue: The Library Board of Trustees will review the final draft of the Library's Operating Budget for 2026, and conduct the second public hearing on the budget. In order to meet the Clallam County deadlines for submission of budget resolutions and levy certifications, the Board must adopt a budget at their November 17, 2025 meeting.

Background: The Board reviewed an earlier draft of the proposed operating budget at their regular October meeting. The public hearing in November provides a second opportunity for members of the public to review the proposed budget and provide feedback to the Board.

Background information on NOLS' levy, budget, and fiscal outlook is detailed in the Library's *Fiscal Factors Overview* document. A copy of this document was provided to the Board at the September meeting, and is always available to the public on the NOLS website.

Policy Considerations: NOLS Policy 5.15, Fiscal Management Policy states the North Olympic Library System Board of Trustees establishes Fiscal Management Policy in order ensure that the Library's fiscal, financial, and budget practices are conducted according to sound and accepted financial procedures and policies, and to support responsible and sustainable stewardship of public resources.

Discussion: The Management Team played a key role in the development of this draft budget. The Management Team sets system-wide priorities which reflect NOLS' Strategic Roadmap and Initiatives and branch and department work plans for the coming year. Managers developed their respective branch/department budgets, and then worked together to jointly review and finalize this draft. Finance Manager Amy Hough developed the personnel budget, calculated the Library's levy rate and provided extensive support in the creation of the budget. The Board's Finance Committee has reviewed the proposed budget.

Total Operating Expenditures budgeted in the proposed 2026 Operating Budget stand at $7,323,969, a decrease of $3,056 from the 2025 approved Operating Budget of $7,327,025.

Tax Revenue Estimates

The Library budget generally reflects a conservative estimate of the expected tax revenues. These are calculated based on the preliminary estimates of the Assessed Valuation (AV) for the County as provided by the Assessor, and applying the limiting factors imposed by Washington State tax laws. The County Assessor estimates the county-wide taxable AV at $17,254,256,254 and the county-wide new construction value to be $135,202,069.

Tax revenues in the proposed budget have been projected based on the 1% growth limitation allowed by law (above the 2025 certified levy rate), with allowance for estimated new construction add-ons and additional refunds. In 2026, the 1% increase is estimated to be $48,113, new construction $39,126 and NOLS will receive a refund of $15,940. That brings the total estimated property tax revenue in the 2026 Operating Budget to $4,894,378.

Approximately 67% of funding for the draft 2026 Operating Budget derive from 2026 property taxes. Another $1,451,007 is budgeted to be transferred in from reserves, accounts which were funded by property tax revenue in prior years. When considering the reserves being utilized in addition to new property tax revenue, the total amount of the 2026 Operating Budget revenues derived from property taxes is 87%.

NOLS' 2025 levy rate stands at 29¢ per thousand of the county's taxable assessed value (AV). Based on currently projected taxable AV increases and factors limiting NOLS' levy rate, the 2026 levy rate will likely shrink to 28¢/$1000 AV. As explained in the Fiscal Factors Overview document, NOLS' levy rate was last at its legal maximum, 50¢/$1000 AV, in 2011 after NOLS passed a levy lid lift in 2010. If NOLS' levy rate remained 50¢/$1000 AV in 2026, it would collect $8,627,128 in property taxes instead of the $4,894,378 currently estimated.

Library Fees

Revenues for 2026 from lost and damaged materials fees have been estimated at $15,000. In 2019, the Library stopped charging fines for overdue material.

Miscellaneous Revenues

The sum of $262,500 has been budgeted for investment interest income. The bulk of NOLS operating funds are invested via the State Pool. The interest rate on State Pool funds is expected to decrease from a high of about 5% in 2024. For 2026, interest was estimated at 3.75% on about $7,000,000.

A total of $76,000, representing donations from the four Friends of the Library groups, has been included as estimated revenue. For the most part, Friends' donations are directed toward support for library programming and events. NOLS' exceptional array of public programming is almost entirely dependent on the generous support of the Friends groups.

The North Olympic Library Foundation is expected to donate $10,000 to assist with system-wide programs such as the Clallam County Poet Laureate and Clallam County Reads.

E-rate revenues are received as part of the federal reimbursement program related to telecommunications. E-rate reimbursements have been estimated at $122,234 for 2026. This reimbursement is tied to network upgrades and internet service provided throughout the system.

Transfers-in / Transfers-out
The proposed 2026 Operating Budget requires a transfer-in from the Operating Reserve in the amount of $677,199 (9% of total revenues). As of October 31, 2025, NOLS had $677,199 in the Operating Reserve account.

Due to all of the Operating Reserves being utilized, the budget also requires $773,808 (11% of total revenues) to be transferred from the Fiscal Emergency Reserve to balance the proposed budget in 2026. As of October 31, 2025, the Fiscal Emergency Reserve balance is $1,307,019.

The NOLS Fiscal Management Policy states that the Fiscal Emergency Reserve is "designated as a reserve resource to be used in the event of a significant fiscal emergency as declared by the Board, including events such as the need to fund the Undesignated Cash Operating account, payout a substantial portion of the workforce, weather widespread tax default, or respond to significant natural catastrophe or civil disruption." The policy further states that, "Upon declaring a need for fiscal resources to address a significant emergency having effects that cannot be addressed through the existing budget, the Board may take action to release cash reserves for purposes of meeting fiscal obligations and/or ensuring continuity of operations and services."

The Board of Trustees signaled their support for utilizing the Fiscal Emergency Reserve when they approved the 2026 Budget Guidelines at their September 2025 regular meeting. Point four of the guideline states: "Knowing that if the Library seeks a levy lid lift and it is approved in 2026, the soonest the Library would receive an increase in property tax revenue is in the second quarter of 2027, the NOLS Fiscal Emergency Reserve may be utilized to balance the 2026 budget to maintain current service levels through 2026." When the Board approves routine beginning of the year fund transfers in January 2026, it can also approve a resolution to transfer the exact amount needed from the Fiscal Emergency Reserve.

The estimated amount needed from reserves to balance the budget is significant, but it is important to consider the amount in context of how much NOLS underspends each year. For example, there was $996,793 budgeted in the 2024 Operating Budget to be transferred from the Operating Reserve account to balance the Operating Budget. At the end of 2024, NOLS expenditures came in under budget by $459,648, reducing the amount from reserves actually needed. During the past five years, NOLS expenses have been about a half million under budget each year on average.

The budgeting of a transfer from reserves to balance the budget and then transferring about half of that amount back into reserves at the end of the year has been a pattern in recent years. In 2020-2022, even larger savings, especially in the personnel budget, can be attributed to the impacts of the pandemic, including several positions remaining vacant for longer periods of time and projects being delayed. The trend to not need to utilize reserves as much as budgeted is also a result of the Library's practice to budget and spend conservatively.

Going into 2026 with the Library nearly fully staffed, inflation continuing to be a concern, and the potential for the personnel budget to grow with contracted cost of living and step increases, it is anticipated that the trend of not needing to utilize the full transfer from reserves will come to an end. In adopting the Budget Guidelines for 2026, the Board of Trustees recognized that reserves, which have been carefully nurtured as a buffer against the shrinking levy rate, will play a critical role in balancing next year's budget.

The budget also includes transfers in from the NOLS Donation Fund and several Branch Donation Funds. The transfers include $14,500 from the NOLS General Donation Fund to cover the cost of Summer Reading Program book and prize giveaways. There will be $2,000 transferred from the Clallam Bay Donations Fund and $10,000 from the Forks Donation Fund to help cover programming costs at those branches. Purchasing program prizes and giveaways with donations helps avoid any possible concerns about gifts of public funds that can arise when utilizing property tax revenue to purchase program prizes. An additional $10,000 will be transferred from the Sequim Library Donation Fund to help inform the public about the Sequim Library move and new library opening events.

The draft 2026 Operating Budget also includes a $345,000 transfer from the Sequim Capital Project Account to cover the rental costs of the temporary Sequim Library space for the first quarter of 2026 and pay the LOCAL Program financing costs associated with Sequim Library Expansion and Renovation Project. The Sequim Capital Project Account was funded by a mix of timber revenue, grants and donations in previous years.

Timber Revenue

In accordance with the Fiscal Management Policy, and established Board practice, projected revenues from timber and forest products are not included in the operating budget for 2026. The Board will be presented with a draft of the Capital Budget for 2026 at the January meeting. Revenue for the Capital Budget is drawn from the Capital Budget Account. The Finance Committee will have opportunities to review drafts of the 2026 Capital Budget prior to its presentation to the Board in January 2026.

Personnel Expenditures

Personnel costs (salaries and benefits) represent 72% of the total 2026 budget. Personnel costs stand at $5,293,186 in the proposed Operating Budget, up from the $5,132,032 budgeted in 2025, an increase of 3%. The personnel array for 2026, on which the personnel budget is based, is 61 FTE, the current number of NOLS employees.

Personnel expense calculations reflect salaries, a previously negotiated 2.25% cost of living adjustment (COLA), anticipated individual step (proficiency) increases, longevity benefits (CSBs), and other established cost increases and decreases, for all current positions. In 2026, the Washington state minimum wage will increase by $0.37, 2.8%, to $17.13/hour. Personnel costs have been adjusted to reflect this increase for positions that earn minimum wage.

There will be a nearly 10% increase to medical premiums for 2026 ($60,229). L&I rates are estimated to increase 4.9% from 2025 to 2026. The Public Employees' Retirement System (PERS) has unexpectedly announced significantly lower rates for employers. As a result, NOLS is budgeting 38% less ($124,144) in 2026 compared to 2025.

As recommended by the State Auditor, provision is also made for "pay out" of compensated leave balances to support anticipated or possible retirements/separations. Instead of paying a flat tax for unemployment costs, NOLS is self-insured, reimbursing the state directly. Based on anticipated claims in 2026, the amount budgeted for unemployment claims has increased from $20,000 to $30,000.

Supplies Expenditures

Friends of the Library contributions are essential to NOLS' ability to provide library programming. For budgeting purposes, Friends' support for programming is split between *Supplies* and *Services;* in the 2026 Operating Budget, Friends' funding for program supplies stands at an estimated total of $38,000. Programming supplies include expenditures for a wide array of items, ranging from craft materials to prizes. Friends' donations provide a majority of the funding necessary for programming supplies and presenters/services. NOLS truly could not provide this core service without support from the Library's wonderful and generous Friends of the Library groups.

Collection materials (books, DVDs, downloadable audio books, e-books, online databases and other library materials) are included in the Supplies category. To align the collection materials budget with actual spending trends, the proposed 2026 Operating Budget reduces the amount budgeted for collection materials to $455,000, or approximately 6% of the total budget. Between 2020 and 2024, the average amount actually expended on collection materials was $446,490. The NOLS Management Team feels confident the $455,000 will allow for the Library's collection to continue to be well maintained in 2026 without a reduction in materials or service for patrons.

The fuel budget has been decreased from $19,300 in 2025 to $8,900 in 2026, a 54% decrease. A large portion of this is due to NOLS' reliance on the electric vehicle purchased in 2023 to complete daily courier routes across the county, in addition to a hybrid van purchased in 2020. Additionally, fuel had been budgeted conservatively for the Bookmobile the past couple years as routes and use were getting developed. We now have a much better estimate of how much fuel the Bookmobile uses based on the service NOLS is able to offer.

The Small Tools & Minor Equipment budget line has increased from $4,000 in 2025 to a proposed $16,750 in 2026 due to a decision by NOLS finance staff to shift items that cost less than $2,000, such as IT peripherals, from the Capital Budget to the Operating Budget. The change aligns with best financial practices recommended by the state.

Most of the other proposed costs for general operating supplies have remained relatively stable, with the usual year-to-year small increases and a few minor decreases.

Professional Services

Consultants that assisted NOLS with previous strategic initiatives are no longer needed now that their work is complete, so the amount budgeted for professional services has been reduced by 18%. NOLS will continue to budget for an E-rate consultant to ensure the Library is fully and efficiently utilizing the Federal E-rate program. In 2026, $12,000 is budgeted for the E-rate consultant, but the Library plans to receive approximately $122,000 in revenue back from the program. To meet NOLS' commitment to the Union to conduct a compensation study in 2026, $32,000 has been budgeted for a consultant to conduct the study.

Communications

After going most of 2024 without an IT Manager, communications were budgeted for conservatively in 2025. All internet, phone and data contracts have been reviewed carefully, allowing for better projections of needs in 2026 to be made and a few unnecessary services to be eliminated. This has allowed the communications budget line to be reduced by $42,741 (19%) from 2025 to 2026.

Travel
To reduce the amount NOLS need to pull from reserves in 2026, conference travel has been cut, decreasing the travel budget by 15%. Staff training and professional development will still continue to be a priority for NOLS, so conferences identified strategically, ongoing virtual training, and bringing trainers on site for all staff, will continue to receive funding. As NOLS' ongoing investment in this area continues to expand skill sets and staff abilities, the Library will continue to refine this budget line to best address staff professional development needs.

Operating Rentals and Leases
Due to delays with the Sequim Library Expansion and Renovation Project, NOLS is budgeting to pay for the temporary Sequim Library space and a storage unit in Sequim for the first two months of 2026. The two-year lease for the Sequim Library temporary space expired in July 2025, so NOLS is now leasing the space month-to-month. Because NOLS is no longer under the lease, the rent is not considered a long-term liability, and it is now budgeted under the Operating Rentals budget line in 2026, which is why that budget line has a nearly 490% increase compared to 2025.

Insurance
Actual insurance costs in 2025 are estimated to be $115,262. In 2026, premiums are expected to increase and NOLS will need to start insuring the new Sequim Library facility again, so $161,576 has been budgeted for insurance, a 40% increase over 2025 actual spending. NOLS has not had to pay insurance for the Sequim Library site during the ongoing construction project in 2025.

Utilities
Utility costs at each facility have been projected based on current use trends and all other data available. It is expected that utility costs will remain relatively stable compared to 2025, but it should be noted that actual costs of operating the new Sequim Library will remain unknown until it is open through several seasons. It is also unknown exactly how new electrical vehicle charging stations, which users will need to pay for to cover costs, will impact utility expenses in future years,

Intergovernmental Services
The Office of the Washington State Auditor completed it's three year audit in 2024, but some of the expense was not billed until early 2025. NOLS is audited every three years, so no additional expenses should occur until 2027.

Capital Outlays
As noted elsewhere in this report, all capital outlay expenditures are reflected in the 2026 Capital Budget, which will be presented to the Library Board of Trustees in January 2026. The Capital budget is funded through the Capital Budget account and expenditures are generally scaled to align with timber/forest product revenues received during the previous fiscal year. Timber revenues of $345,689 have been received through October 31, 2025. The 2026 Capital Budget is still in an early stage of development. Both Capital Budget revenue and expenditure projections will change between now and adoption of the Capital Budget.

Alternatives for Consideration:

As always staff will continue to seek cost-savings and efficiencies in all areas, in order to bring down the bottom line as the budget year progresses. The Board may direct or suggest specific changes to proposed expenditures.

Action/Motion:

- The Board must adopt the 2025 Operating Budget by motion at the November 17, 2025 meeting. Proposed language: "I move to adopt the 2026 Operating Budget in the amount of $7,323,969 as presented."
- The Board must also adopt Resolution 25-11-08, which authorizes collection of the regular property tax levy for 2026. A separate staff report will address this action.

North Olympic Library System

2026 Summary Operating Budget

November DRAFT

	2025 Approved Budget	2025 Projected Actual	2026 Proposed Budget	Change from 2025 Approved Budget to 2026 Proposed Budget
Operating Revenue				
Property Taxes	4,799,650	4,855,786	4,894,378	1.97%
Intergovernmental Revenues	-	2,095,951	-	
Local Grants, Entitlements, Other Payments	33,000	26,949	27,000	-18.18%
Goods and Services	18,010	21,775	21,325	18.41%
Library Fees	15,000	12,775	15,000	0.00%
Miscellaneous revenues				
Pool Fund and Investment interest	180,000	364,653	262,500	45.83%
Facilities rentals (short term)	1,200	1,855	1,600	33.33%
Contributions and donations [1]	128,862	140,364	96,000	-25.50%
E-Rate reimbursements	124,593	135,883	122,234	-1.89%
Other miscellaneous revenues	2,800	4,768	4,000	42.86%
Total Miscellaneous Revenues	437,455	647,524	486,334	11.17%
Nonrevenues (excises taxes) [2]	1,100	1,301	1,100	0.00%
Transfers In				
From NOLS Materials Gift Fund	504,000	447,000	45,825	
From Branch Donations Funds	-	3,260	22,000	
From NOLS Donations Fund	-	18,000	15,000	
From Sequim Capital Project Account	365,750	84,132	345,000	-5.67%
From Operating Reserve	1,153,060	-	677,199	-41.27%
From Fiscal Emergency Reserve	-	-	773,808	
Total Transfers In	2,022,810	552,392	1,878,832	-7.12%
Grand Total Operating Revenue	7,327,025	8,214,452	7,323,969	-0.04%

(1) Includes anticipated grants from Friends of the Library groups, the North Olympic Library Foundation, and other donors.

(2) Taxes paid for purchases which did not include tax when tax was due. For example, online purchases made by credit card.

North Olympic Library System

2026 Summary Operating Budget

November DRAFT

	2025 Approved Budget	2025 Projected Actual	2026 Proposed Budget	Change from 2025 Approved Budget to 2026 Proposed Budget
Expenditures				
Personnel				
Salaries and wages	3,604,798	3,358,841	3,773,681	4.68%
Benefits	1,527,234	1,252,769	1,519,505	-0.51%
Total Personnel	5,132,032	4,611,610	5,293,186	3.14%
Supplies				
Collection Materials	504,000	447,000	455,000	-9.72%
Supplies, office and operating (1)	106,231	106,702	110,400	3.92%
Fuel	19,300	7,043	8,900	-53.89%
Merchandise purchased for resale	2,625	1,236	1,230	-53.14%
Small Tools/Equipment (<$200)	4,000	1,739	16,750	318.75%
Total Supplies	636,156	563,720	592,280	-6.90%
Services				
Professional services (1)	469,331	256,888	384,425	-18.09%
Communication	220,214	221,047	177,473	-19.41%
Travel	33,760	21,197	28,650	-15.14%
Taxes and operating assessments	6,000	5,990	6,780	13.00%
Operating rentals and leases	3,740	48,931	22,055	489.71%
Insurance	133,000	115,162	161,576	21.49%
Utilities	113,247	95,719	112,427	-0.72%
Repair and maintenance	117,589	162,614	185,782	57.99%
Miscellaneous services	16,730	9,584	11,810	-29.41%
Total Services	1,113,611	937,132	1,090,978	-2.03%
Intergovernmental services	12,700	29,021	1,020	-91.97%
Nonexpenditures (excise taxes) (2)	1,100	1,345	1,100	0.00%
Long-term Liabilities	231,176	205,405	151,405	-34.51%
Debt Service *(Sequim Library)*	200,250	200,250	194,000	-3.12%
Total Operating Expenses	7,327,025	6,348,234	7,323,969	-0.04%
Transfers out				
To Budget reserve fund				
Total Transfers Out	-	-	-	
Total Expenditures	7,327,025	6,348,234	7,323,969	-0.04%

(1) Includes anticipated grants from Friends of the Library groups, the North Olympic Library Foundation, and other donors.

(2) Taxes paid for purchases which did not include tax when tax was due. For example, online purchases made by credit card.

2026
BUDGET GUIDELINES

With the 2026 Operating and Capital Budget, the Library Board of Trustees will be a responsible steward of the Library's public and private funds, and manage NOLS resources prudently.

1. Working within available resources, the budget will emphasize services, programs and projects that respond to community needs and support the Library's Strategic Roadmap.

2. Having fulfilled its pledge to the voters by completing implementation of the 2012 Plan, the Board will continue support for the key elements of the 2012 Plan, to the extent fiscally feasible in the context of shrinking levy capacity, reduced reserves, and the unknown trajectory of the economy.

3. The Library will maintain Board Designated Reserve Accounts as described in Fiscal Management Policy 5.15. The Board recognizes that Operating Reserve, which has been carefully maintained against the shrinking levy rate will play a critical role in balancing the 2026 budget.

4. Knowing that if the Library seeks a levy lid lift and it is approved in 2026, the soonest the Library would receive an increase in property tax revenue is in the second quarter of 2027, the NOLS Fiscal Emergency Reserve may be utilized to balance the 2026 budget to maintain current service levels through 2026.

5. The Board agrees that prudence and fiscal responsibility require that operational efficiencies will be continually sought, identified, and swiftly implemented wherever appropriate.

Adopted by the NOLS Board of Trustees
Proposed for adoption on September 25, 2025

Staff Report

Meeting Date:	November 17, 2025
To:	Library Board of Trustees
From:	Noah Glaude, Executive Director
Subject:	Approval of Resolution 25-11-08: Authorizing the Library Levy for 2026
Attached:	Resolution 25-11-08: Authorizing the Library Levy for 2026

Recommendation: That the Library Board of Trustees approve the attached resolution, 25-11-08, authorizing the Library Levy for the fiscal year 2026.

Discussion: This resolution authorizes Clallam County to collect the Library's 2026 property taxes, pursuant to RCW 84.55.120 and 84.55.092. Approval of the resolution by the NOLS Board of Trustees is required in order to collect property tax revenues at the maximum lawful level.

Financial and Policy Implications: An estimate of the Executive District property tax levy for 2026 has been calculated. As noted elsewhere, levy calculations are subject to a number of possible limiting factors. Resolution 25-11-08 authorizes the Library Levy at the most optimum level permitted under law.

The resolutions have been reviewed and approved by the Finance Committee.

Action: The Board of Trustees approve Resolution 25-11-08.

Department of Revenue Washington State

Ordinance / Resolution No. 25-11-08

RCW 84.55.120

WHEREAS, the Board of Trustees (Governing body of the taxing district) of North Olympic Library System (Name of the taxing district) has met and considered its budget for the calendar year 2026; and,

WHEREAS, the districts actual levy amount from the previous year was $ 4,811,321.11 (Previous year's levy amount); and,

WHEREAS, the population of this district is ☒ more than or ☐ less than (Check one) 10,000; and now, therefore,

BE IT RESOLVED by the governing body of the taxing district that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2026 (Year of collection) tax year.

The dollar amount of the increase over the actual levy amount from the previous year shall be $ 48,113.21 which is a percentage increase of 1.0 (Percentage increase) % from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Adopted this 17 day of November, 2025.

If additional signatures are necessary, please attach additional page.

This form or its equivalent must be submitted to your county assessor prior to their calculation of the property tax levies. A certified budget/levy request, separate from this form is to be filed with the County Legislative Authority no later than November 30th. As required by RCW 84.52.020, that filing certifies the total amount to be levied by the regular property tax levy. The Department of Revenue provides the "Levy Certification" form (REV 64 0100) for this purpose. The form can be found at: http://dor.wa.gov/docs/forms/PropTx/Forms/LevyCertf.doc.

To ask about the availability of this publication in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

Staff Report

NOLS
NORTH OLYMPIC
LIBRARY
SYSTEM

Date:	November 17, 2025
To:	Library Board of Trustees
From:	Noah Glaude, Library Executive Director
Subject:	Approval of Resolution 25-11-09: Authorizing Transfer from NOLS Capital Reserve to Sequim Capital Fund

Attachments: Resolution 25-11-09
Sequim Library LOCAL Financing Letter

Background: In April 2024, the Board of Trustees adopted Resolution 24-04-04, approving a $4,492,021 financing agreement through the Washington State Treasurer's LOCAL Program for the Sequim Library Expansion and Renovation Project. That resolution states that, "The expenditures with respect to which the Local Agency reasonably expects to be reimbursed from the proceeds of Reimbursement Obligations will be made from the Sequim Capital Fund."

Discussion: The attached financing letter provides details about payments NOLS will need to make over the next 20 years. In 2024 and 2025, NOLS has or will pay the following:

12/1/2024	$105,012.50
06/1/2025	$221,625
12/1/2025	$98,625
TOTAL:	$425,262.50

The total amount, $425,262.50 should be transferred from the NOLS Capital Reserve to the Sequim Capital Fund, to ensure the Sequim Capital Fund continues to have a positive balance until the project is complete.

Policy Considerations: The proposed transfers are in keeping with the provisions of Policy 5.15: Fiscal Management. Approval of fiscal transfer by resolution is a best practice recommended by the State Auditor's Office.

Fiscal Considerations: The NOLS Capital Reserve is funded by timber revenue. Its balance was $1,123,062.62, as of October 31, 2025. The three-year annual average of timber revenue NOLS received from 2022-2024 was $408,748.

In 2026, NOLS will need to pay $324,000 in LOCAL financing debt.

Recommendation: That the Library Board of Trustees approve Resolution 25-11-09, authorizing transfer of funds as follows:

Amount of Transfer	Transfer From	Transfer To
$425,262.50	NOLS Capital Reserve	Sequim Capital Fund

NORTH OLYMPIC LIBRARY SYSTEM

Resolution 25-11-09

Library Board of Trustees
North Olympic Library System

Authorizing Transfer from NOLS Capital Reserve to Sequim Capital Fund

Whereas, transfer of funds between accounts for purposes of financial reconciliation and fiscal management is a routine accounting task; and

Whereas, for purposes of clarity, transparency, and established best practice, the NOLS Board formalizes approval of funds transfers by written resolution; and

Whereas, the NOLS Capital Reserve had a balance of $1,123,062.62 as of October 31, 2025; and

Whereas, a transfer is required to the Sequim Capital Fund to cover the expense of planned LOCAL program debt payments for the Sequim Library Expansion and Renovation Project which were made in 2024 and 2025; and

Now therefore be it resolved: that the Board authorizes staff to transfer funds between accounts as indicated below:

Amount of Transfer	Transfer From	Transfer To
$425,262.50	NOLS Capital Reserve	Sequim Capital Fund

Passed by the Board of Trustees of the North Olympic Library System at the regular meeting held this 17th day of November 2025.

____________________ Chair

____________________ Trustee

____________________ Trustee

____________________ Trustee

____________________ Trustee

Attested by:

____________________ Secretary to the Board

MIKE PELLICCIOTTI, *Chair*
State Treasurer

JAY R. INSLEE
Governor

DENNY HECK
Lieutenant Governor

State of Washington
STATE FINANCE COMMITTEE

June 25, 2024

TO: Noah Glaude, Executive Director
North Olympic Library
2210 South Peabody Street
Port Angeles, WA 98362

Re: **State of Washington Certificates of Participation, Series LP_2024B**
$4,492,021.00 Transaction No. 1636-1-1

Dear Noah Glaude,

The Office of the State Treasurer has successfully financed the above reference transaction. The financing contract was included in the Certificates of Participation (COPs) sold on June 05, 2024 by competitive sale to Fidelity Capital Markets. The All Inclusive Cost (AIC) of financing lease 1636-1-1 is 3.85%.

The contract amount financed is $4,065,000.00 and nets North Olympic Library $4,492,021.00 for the cost of the project. Costs of issuance are reflected in the interest rate. Please ensure the new payment schedule and sources and uses (Attachment A) gets to the person responsible to make the COP payments. If you are not a self-treasurer, make sure the County Treasurer receives this information.

Tax-exempt COPs are subject to arbitrage requirements set forth by the Internal Revenue Service. Attachment B (Expenditure Requirements) provides guidance for spending the COP proceeds.

Payment dates begin on December 01, 2024 and continue semi-annually thereafter. A payment invoice will be sent to North Olympic Library on approximately May 15 and November 15 of each year, fifteen days prior to the COP payment being due. Payments will be made to the State's Fiscal Agent, US Bank. The COP Financial Analyst, Stephanie Richardson, can be reached at (360) 902-9005 for details regarding the COP payment process.

Thank you for your participation in the LOCAL Program. We are committed to supporting our local partners with the financing options for the projects that help serve and strengthen communities across the state. If you have further questions about this or future COP sales, please feel free to contact me at (360) 902-9022.

Sincerely,

Mike Pellicciotti
Washington State Treasurer

Brianna May
Debt Program Administrator

Enclosures
cc: Stephanie Richardson
Jennifer White, Clallam County Treasurer

Office of the State Treasurer
P.O. Box 40200 Olympia, Washington 98504-0200
(360) 902-9000 • TTY USERS: CALL 711 • FAX (360) 902-9045
www.tre.wa.gov

Sources and Uses

Dated Date: June 25, 2024 Series: LP_2024B (WASCOP24B)

As of 06/25/2024

Agency: North Olympic Library

County: Clallam County

Lease Number: 1636 - 1 - 1

Property: Sequim Branch Library expansion and remodel

Sources:	
Par Amount:	4,065,000.00
Original Issue Premium (Discount):	471,610.45
Total Sources:	**4,536,610.45**

Uses:	
Project:	4,492,021.00
Capitalized Interest:	0.00
Underwriter Cost:	4,345.30
Cost of Issuance:	35,451.87
Additional Proceeds**:	4,792.28
Total Uses:	**4,536,610.45**

** Additional proceeds result from rounding and will be held by OST and applied toward the interest component on the next debt service payment due on this COP lease.

Agency Payment Schedule

Dated Date: June 25, 2024 Series: LP_2024B (WASCOP24B)

As of 06/25/2024

Agency: North Olympic Library

County: Clallam County

Lease Number: 1636 - 1 - 1

Fiscal Agent Account Number: CLA1636-1-1

Property: Sequim Branch Library expansion and remodel

Principal: 4,065,000.00 Term (Years): 20.00 Interest Rate: 3.84727 %

Number of Months Until 1st Payment: 6

Payment Number	Due	Scheduled Payment	Scheduled Principal	Scheduled Interest	Date Paid	Paid Principal	Paid Interest	Principal Balance*
1	12/01/2024	105,012.50	0.00	105,012.50				
2	06/01/2025	221,625.00	120,000.00	101,625.00				
3	12/01/2025	98,625.00	0.00	98,625.00				
4	06/01/2026	228,625.00	130,000.00	98,625.00				
5	12/01/2026	95,375.00	0.00	95,375.00				
6	06/01/2027	230,375.00	135,000.00	95,375.00				
7	12/01/2027	92,000.00	0.00	92,000.00				
8	06/01/2028	237,000.00	145,000.00	92,000.00				
9	12/01/2028	88,375.00	0.00	88,375.00				
10	06/01/2029	238,375.00	150,000.00	88,375.00				
11	12/01/2029	84,625.00	0.00	84,625.00				
12	06/01/2030	244,625.00	160,000.00	84,625.00				
13	12/01/2030	80,625.00	0.00	80,625.00				
14	06/01/2031	245,625.00	165,000.00	80,625.00				
15	12/01/2031	76,500.00	0.00	76,500.00				
16	06/01/2032	251,500.00	175,000.00	76,500.00				
17	12/01/2032	72,125.00	0.00	72,125.00				
18	06/01/2033	252,125.00	180,000.00	72,125.00				
19	12/01/2033	67,625.00	0.00	67,625.00				
20	06/01/2034	257,625.00	190,000.00	67,625.00				
21	12/01/2034	62,875.00	0.00	62,875.00				
22	06/01/2035	262,875.00	200,000.00	62,875.00				
23	12/01/2035	57,875.00	0.00	57,875.00				
24	06/01/2036	267,875.00	210,000.00	57,875.00				
25	12/01/2036	52,625.00	0.00	52,625.00				
26	06/01/2037	272,625.00	220,000.00	52,625.00				
27	12/01/2037	47,125.00	0.00	47,125.00				
28	06/01/2038	277,125.00	230,000.00	47,125.00				
29	12/01/2038	41,375.00	0.00	41,375.00				
30	06/01/2039	286,375.00	245,000.00	41,375.00				
31	12/01/2039	35,250.00	0.00	35,250.00				
32	06/01/2040	290,250.00	255,000.00	35,250.00				
33	12/01/2040	28,875.00	0.00	28,875.00				
34	06/01/2041	298,875.00	270,000.00	28,875.00				
35	12/01/2041	22,125.00	0.00	22,125.00				
36	06/01/2042	302,125.00	280,000.00	22,125.00				
37	12/01/2042	15,125.00	0.00	15,125.00				
38	06/01/2043	310,125.00	295,000.00	15,125.00				
39	12/01/2043	7,750.00	0.00	7,750.00				
40	06/01/2044	317,750.00	310,000.00	7,750.00				
Total 1636-1-1		**6,525,387.50**	**4,065,000.00**	**2,460,387.50**				

Agency Payment Schedule

Dated Date: June 25, 2024 Series: LP_2024B (WASCOP24B)

As of 06/25/2024

* The Prepayment Price would include any unamortized costs of issuance, escrow fees, and the cost to fund the relevant escrow.

Agencies intending to prepay should contact the Office of the State Treasurer to receive prepayment amount.
The interest rate shown is calculated from the dated date, based on a 360 day year.

U.S. Bank will post on its Washington State fiscal agent website, on or about mid-May and mid-November, a statement for the debt service amount due on the first of the following month.

The site address is https://pivot.usbank.com/wmss/web/pivot/home. Please contact Carolyn Morrison at carolyn.morrison@usbank.com or 206-344-4678 if you have questions about the website or access to it. If your agency is not a self-treasurer, payment is made through your county treasurer.

STATE OF WASHINGTON
CERTIFICATES OF PARTICIPATION
North Olympic Library
Series LP_2024B

Delivery Date:	**June 25, 2024**
COP Arbitrage Yield:	**3.267914%**
COP Proceeds:	**$4,492,021.00**

EXPENDITURE REQUIREMENTS

Internal Revenue Service rules require the State of Washington (State) to monitor the spending and investment of Certificate of Participation (COP) proceeds. In general, restrictions imposed by the federal government prohibit the State from retaining arbitrage profits.

Arbitrage is the difference between what the proceeds actually earned (investment income) and what the proceeds could have earned had they been invested at the same rate as the COP yield (i.e., borrowing rate). Arbitrage profits are earned when lower-yielding COP proceeds are invested in higher-yielding securities (e.g., if LGIP rate exceeds the COP yield). Any excess earnings (arbitrage profit) must be rebated to the federal government unless they qualify for the spending exception.

The State can avoid arbitrage rebate requirements if the proceeds (and investment earnings) are spent in an expeditious manner. The IRS regulations specifiy the following semi-annual spenddown schedule:

- 15% within six months of the Delivery Date
- 60% within one year
- 100% within 18 months

Failing to meet any one of the targeted expenditure dates results in failure of the entire rebate exception. For example, if the State Agency met the 15% and 60% expenditure requirements, but did not meet the 100% expenditure requirement, the entire rebate exception is failed, and the COP issue is subject to rebate.

Proceeds are not considered spent until your Agency is reimbursed or the Office of the State Treasurer (OST) pays the vendor. If proceeds are not spent in the manner specified above, the borrowing Agency will incure the additional costs associated with OST procuring arbitrage calculation services and the rebate liability owed to the federal government, if any.

OST will help your Agency monitor the spending and investment of COP proceeds. If you have any questions, please contact Stephanie Richardson at (360) 902-9005.