

# 2010 BUDGET

## NORTH OLYMPIC LIBRARY SYSTEM

### LIBRARY BOARD OF TRUSTEES

Don Zanon, Chair  
Meghan Tuttle, Vice Chair  
Elaine Fredrickson  
Nina Pitts  
Jim Roberts

### LIBRARY DIRECTOR

Paula Barnes

### ADMINISTRATIVE SERVICES MANAGER

CJ Wolfer

Approved November 19, 2009





## TABLE OF CONTENTS

NOLS mission statement, goals and strategic initiatives - - - 3

Budget guidelines - - - 4

Library Director's transmittal message - - - 5

2010 Budget - - - 7

Budget resolution 09-11-13 - - - 9

Budget resolution 09-11-14- - - 10



# NOLS MISSION STATEMENT, GOALS AND STRATEGIC INITIATIVES

## MISSION

The North Olympic Library System promotes the joy of reading, power of ideas, and lifelong learning, and provides all residents of Clallam County equal access to a variety of library resources.

## GOALS

Access: The community will have optimal access to library resources, services and facilities.

Visibility: The community will recognize the library as a valuable hub for self-directed exploration and life-long learning.

Education: A broad range of information will be available through interaction between the community and skilled staff.

Communication: The library will provide effective communication tools.

## STRATEGIC INITIATIVES FOR 2010

Make the Library's collections, services and programs the best they can be

Keep current customers satisfied

Identify new customers and broaden the customer base

Define the Library's image as a professional, friendly, service-oriented organization

Grow community support

Create partnerships

Demonstrate operational efficiency

Demonstrate fiscal responsibility and accountability

Create and maintain comfortable, safe and well-tended facilities

## 2010 BUDGET GUIDELINES

Through the cost-effective use of available funds, the Library Board will strive to accomplish all of the objectives listed below in its pursuit of the Library's strategic plan while keeping in mind the extremely challenging economic circumstances affecting the library's budget in FY 2010. The Board will follow prudent practices in the management of NOLS fiscal resources. Recognizing that timber receipts are highly volatile, and this volatility undermines the Library's ability to maintain a stable source of operating funds, the Board will strive to achieve a state where all timber revenues are directed into capital replacement accounts rather than being used for basic operations. Similarly, the Board recognizes that it is not prudent to use the interest earned on reserve funds for basic operations, and it will strive to direct interest earnings into the capital replacement accounts rather than using those funds to balance the operating budget.

1. The budget will emphasize functions, services and programs that support the Library's strategic initiatives and the NOLS 2012 plan.
2. The Board recognizes that prudence and fiscal responsibility require that operational efficiencies will be identified and implemented on an ongoing basis, and as swiftly as possible once they are identified.
3. The Board will make every effort to balance expenditures for FY 2010 to available revenues for FY 2010, but in the event this model cannot be supported, the Board will strive to maintain reserves of at least the equivalent of four months of operating costs, plus five months' operating costs to be set aside and used in the event of economic catastrophe.
4. The Board understands that the 2010 budget will likely reflect significant reductions, including the possibility of reductions in staffing and service levels.
5. The annual budget will maintain the following Reserve Accounts:
  - a. Grants and Donations
  - b. Capital Reserves:
    - i. Capital Replacement Account for the replacement of major systems and equipment such as mechanical systems and vehicles
    - ii. Reserve for Economic Uncertainty
    - iii. Technology Contingency Account for the upgrade and replacement of hardware, software, and systems such as the Polaris integrated library system
    - iv. Capital Accounts for each of the four library buildings in the North Olympic Library System
  - c. Operating Reserves in an amount sufficient to manage cash flow without the need to borrow money.

## LIBRARY DIRECTOR'S TRANSMITTAL MESSAGE TO THE LIBRARY BOARD OF TRUSTEES

The proposed FY 2010 budget is \$3,051,080, which represents an increase of \$37,267, over the current year's budget of \$3,082,813. Personnel costs consist of \$2,165,482, or 70.9% of the total budget. Expenditures are balanced against revenues by reducing personnel expenditures by \$88,022. This reduction will be accomplished by implementing two one-week furloughs (and associated library closures) as agreed to by the employees' union, saving about \$65,000 in salaries and benefits, and by implementing further personnel cost reductions amounting to about \$23,022, which may be achieved through layoffs positions cut through attrition, or other personnel savings. The proposed budget recommends that the rest of the shortfall be made up by transferring in revenue of \$88,021 from the Reserve for Economic Uncertainty, which has a current balance of \$811,218. The budget imbalance is primarily caused by the cumulative effect of the 1% property tax limit over the past nine years. The average rate of inflation from 2001 through 2008 was 2.8%. The shortfall has been exacerbated by multiple other factors, including precipitously falling timber/forest product revenues, lower interest rates, and reduced property tax revenues from new construction.

The Finance Committee of the Library Board desires to minimize the impact on the Reserve for Economic Uncertainty in 2010. Even if the proposed levy lid lift election in 2010 is successful, there is likely to be a budget shortfall again in 2011. If the election fails, obviously the shortfall will be even greater in 2011 and 2012 while the Library downsizes staffing, services and programs in an organized manner. For these reasons, it recommends all possible expenditure reductions be sought in 2010. The Committee recognizes that since nearly 71% of the Library's budget consists of personnel costs, reductions having the most impact will need to come from in the personnel area.

The employees union voted in late October to take two one-week unpaid furloughs, effectively amounting to a pay cut of about 3.9%. During these two one-week periods when the employees are on unpaid leave, it is planned to close all library facilities and services. This is projected to save about \$65,000. By shuttering all facilities, NOLS will achieve further savings in utilities costs. Although this has not been reflected in the budget, staff's goal is reduce utilities costs by about \$4,000. Staff will do more planning for these closures and will bring recommendations for how the closures will be handled back to the Board for consideration and approval sometime in early 2010. The two closures are tentatively slated for March 29-April 3 and August 30-September 4, 2010.

It is important to note that this draft budget reduces the budget for books and other library materials from last year's \$332,754 to \$315,754, a reduction of \$15,000, or 4.5%. The materials budget has not been increased since 2004, meaning when inflation is taken into account, there has been a loss of buying power of about 2.8% per year for the past eight years.

Another hard-hit area is capital outlay. The Library has almost \$780,000 in unfunded capital needs, including replacement vehicles, carpeting, copiers/printers, parking lot repairs, and of course the Forks Branch roof and renovation. No capital outlay items are included in the 2010 proposed budget. Staff will develop some options for funding the most urgent items, where appropriate, from bequests and the Friends of the Library, and these recommendations will be brought to the Board at the January 2010 meeting.

The 2010 budget reflects a number of changes that bring the Library into compliance with the BARS (Baseline Accounting and Reporting System) coding standards for library districts in Washington. Staff felt it was the right time to make these changes as the QuickBooks transition nears completion. The most notable change is the movement of library materials (collections) from the capital outlay category to supplies.

*Revenues.* Property tax revenues have been confirmed with Clallam County. Staff have also consulted with the County regarding timber revenues, although it is very nearly impossible to predict these numbers with any certainty. NOLS staff have chosen to project timber revenues very conservatively. No revenue has been projected from the rental property. Other projections are based on information from the source (such as intergovernmental services) and/or the current year's experience (such as printing and fines). The Reserve for Economic Uncertainty has been tapped to help cover the budget shortfall, although the Finance Committee would prefer to minimize the impact on this Reserve Fund, since in all probability it will need to be used to cover another shortfall in 2011 and possibly, depending on the results of the proposed levy lid lift election in 2010, in 2012.

*Personnel.* In the personnel accounts, L&I rates will increase in 2010 due to significant claims in the past two years. NOLS is absorbing a 3.1% increase in the vision insurance premium. The 2009-2010 employment contract with the employees union does not call for a Cost of Living Adjustment (COLA) in 2010. All step and Continuous Service Benefit (CSB) increases have been taken into account. As stated above, the employees union and all non-union employees will take unpaid furlough leave during the two weeks in 2010 when all libraries are closed, resulting in savings of about \$65,000. The Library will seek further reductions in the area of personnel which may include layoffs or positions cut through attrition.

*Supplies.* There are no significant changes in supplies expenditures in 2010. Minor reductions have been made wherever possible.

*Library materials.* The materials budget is being reduced by 4.5% from 2009 levels. The materials budget will represent 10.1% of the total budget in 2010. Staff are grateful to the Friends of the Library groups which regularly augment funding in this area.

*Services and charges.* The sum of \$40,000 has been included in this budget category to cover the costs of an election. Based on 2009 usage levels and price increases, the budget for OCLC (the Library's cataloging and ILL database service) has been increased by about 8%. Staff training remains a very serious need. The budget in 2008 for staff training was \$16,850. It was reduced to \$12,320 in 2009. \$13,305 is recommended for 2010. The slight increase is because there are two excellent opportunities to send a number of staff members to major library conferences in 2010. In the spring, the Public Library Association will meet in Portland, OR. And in August, the Washington Library Association will meet jointly with the Pacific Northwest Library Association in Victoria, BC. Freight costs continue to increase, as prices rise and the volume of inter-branch shipments grows. The Library has a plan to reduce freight costs, which are incorporated into the Communications accounts, by implementing floating collections once the Polaris system permits this, expected in early 2010. The cost of sending out overdue and hold notices is also substantial: projected to be nearly \$18,000, including mailers and postage and not including staff time, in 2010. The volume of notices could be dramatically reduced if more patrons used email or telephone notifications for their overdues and holds. While staff presently encourage patrons to use email or phone notification, in December the Library will launch an aggressive campaign to encourage paperless notices.

**NORTH OLYMPIC LIBRARY SYSTEM - 2010 BUDGET**

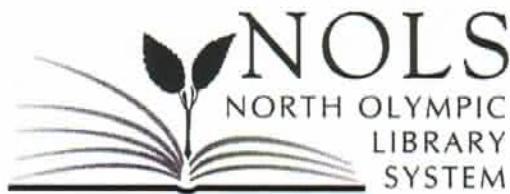
Approved by Board 11-19-09

	2009 Budget	2009 Projected Actual	Adopted 2010 Budget
<b>Revenues</b>			
Real and personal tax			
Basic property tax	2,617,846	2,617,846	2,699,794
New construction	55,412	55,412	15,563
Rebates, corrections, etc	0	0	0
Forest excise tax (private)	25,000	32,114	38,869
Leasehold excise tax	15,000	11,083	15,000
Subtotal	2,713,258	2,716,455	2,769,226
Intergovernmental revenues			
DNR shared revenue (public)	130,475	119,679	48,653
Library services revenue	1,680	1,380	1,380
Subtotal	132,155	121,059	50,033
Charges for goods and services			
Public photocopies, Internet printing and faxes	18,000	13,000	14,000
Sales of taxable merchandise	0	500	500
Subtotal	18,000	13,500	14,500
Library fines and fees	51,000	49,500	51,000
Miscellaneous revenue			
Investment interest	65,500	64,150	31,000
Investment service fees	0	0	700
Media equipment rentals	0	0	1,250
Facilities leases	0	0	0
Contributions and donations	3,900	186,085	2,600
Other miscellaneous revenue	57,000	2,456	42,750
Subtotal	126,400	252,691	78,300
Transfers in			
E-rate reserves	42,000		
Transfer from Reserve for Econ Uncertainty			88,021
Subtotal			88,021
<b>Total operating revenues</b>	<b>3,082,813</b>	<b>3,153,205</b>	<b>3,051,080</b>
<b>Expenditures</b>			
<b>Personnel</b>			
Salaries and wages	1,640,527	1,599,580	1,580,552
Benefits	594,425	575,850	584,930
<b>Total personnel</b>	<b>2,234,952</b>	<b>2,175,430</b>	<b>2,165,482</b>
<b>Supplies</b>			
Office supplies	8,220	12,080	18,010
Technology supplies	4,415	3,400	7,540
Operating supplies	19,460	16,750	19,166
Maintenance supplies	14,281	13,420	16,000
Fuel	2,750	1,220	2,750
Collection (library materials)	332,754	332,754	317,754
Small tools and equipment	930	2,170	1,760
<b>Total supplies</b>	<b>382,810</b>	<b>381,794</b>	<b>382,980</b>
<b>Services and charges</b>			
Technology services	0	0	3,136
Carpet cleaning		0	4,750
Debt collection		0	3,000
Professional services - general	43,320	52,100	67,350
Janitorial services	0	0	1,200
Legal services	0	0	3,000

# NORTH OLYMPIC LIBRARY SYSTEM - 2010 BUDGET

Approved by Board 11-19-09

	2009 Budget	2009 Projected Actual	Adopted 2010 Budget
Training and conference fees	0	0	13,305
Communication	137,552	133,500	125,295
Travel	17,545	12,050	5,315
Advertising	1,250	400	500
Operating rentals and leases	935	1,300	690
Insurance	32,473	32,500	32,389
Public utilities	71,060	72,000	72,375
General repairs and maintenance	75,496	53,150	5,560
Groundskeeping	0	0	17,400
Vehicles	0	0	2,500
Technology	0	0	42,711
Mechanical, electrical and plumbing	0	0	17,575
Miscellaneous services	11,395	11,070	0
Printing	0	0	5,545
Dues	0	0	245
Intergovernmental services	9,700	12,000	10,000
<b>Total services and charges</b>	<b>400,726</b>	<b>380,070</b>	<b>433,841</b>
<b>Capital outlay</b>			
Machinery and equipment	49,325	64,935	53,777
<b>Total capital outlay</b>	<b>49,325</b>	<b>64,935</b>	<b>53,777</b>
<b>Transfers out</b>			
Transfer to PA sinking fund	15,000	15,000	15,000
<b>Total transfers out</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,082,813</b>	<b>3,082,164</b>	<b>3,051,080</b>



Resolution 09-11-13  
Library Board of Trustees  
North Olympic Library System

**Authorizing an Increase in the Regular Levy for 2010**

WHEREAS the Board of Trustees of the North Olympic Library System taxing district has met and considered its budget for the fiscal year of 2010; and

WHEREAS the district's actual regular levy amount from the previous year was \$2,673,064.30; and

WHEREAS the population of this district is greater than 10,000; and

WHEREAS the Board of Trustees of the North Olympic Library requires a regular levy in the amount of \$2,699,794.94, which includes an increase in property tax revenue from the previous year, in order to discharge the expected expenses and obligations of the district and in its best interest;

NOW THEREFORE BE IT RESOLVED, by the Board of Trustees of the North Olympic Library System that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2010 tax year. The dollar amount of the increase over the actual levy amount from the previous year shall be \$26,730.64, which is a percentage increase of one percent (1%) from the previous year. This increase is exclusive of additional revenue resulting from the addition of new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any additional amounts resulting from any annexations that have occurred and refunds made.

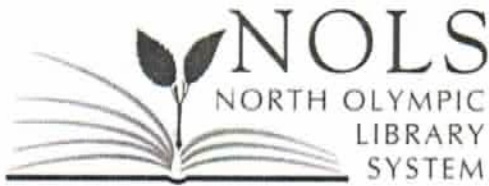
PASSED BY THE BOARD OF TRUSTEES of the North Olympic Library System at their regular meeting held this 19th day of November, 2009.

Donald R. Zanow  
President  
Elaine Fredrickson  
Trustee  
Tina Pitts  
Trustee

James A. Robert  
Trustee  
Myron Tuttle  
Trustee

ATTESTED BY:

C.J. Wolfen  
Administrative Services Manager



Resolution 09-11-14  
Library Board of Trustees  
North Olympic Library System

**Establishing Substantial Need to Set the Levy Limit at One Hundred One Percent**

WHEREAS the Board of Trustees of the North Olympic Library System taxing district has determined that general maintenance and operation expenses create a substantial need for 2010;

NOW THEREFORE BE IT RESOLVED that the Board of Trustees finds there is a substantial need to set the regular levy limit for the 2010 tax year at one hundred one percent (101%).

PASSED BY THE BOARD OF TRUSTEES of the North Olympic Library System at their regular meeting held this 19th day of November, 2009.

Donald R. Zaron  
President

James A. Abato  
Trustee

Elaine Fredrickson  
Trustee

Meghan Tuttle  
Trustee

Anna Potts  
Trustee

ATTESTED BY:

C.J. Walker  
Administrative Services Manager