

2012 BUDGET

NORTH OLYMPIC LIBRARY SYSTEM

LIBRARY BOARD OF TRUSTEES

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Nina Pitts

Jim Roberts

Don Zanon

LIBRARY DIRECTOR

Paula Barnes

ADMINISTRATIVE SERVICES MANAGER

C. J. Wolfer

Approved November 28, 2011



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NOLS STRATEGIC INITIATIVES FOR 2012

LEARN. CREATE. CONNECT.

NOLS will assign top priority to the following strategic initiatives, and will work with community partners to achieve them.

- ♦ Provide education and enrichment opportunities for people of all ages, especially young children.
- ♦ Empower people to make the most of library resources.
- ♦ Foster creative social interaction by being the *Third Place*, that is, an open and inviting community gathering spot.
- ♦ Provide library facilities that are safe, comfortable, convenient, pleasant and energy-efficient.
- ♦ Respond nimbly to community needs.
- ♦ Support local workforce development.
- ♦ Support development of local economies.

2012 BUDGET GUIDELINES

With the 2012 operating budget, the Library Board of Trustees will respect its pledge to the voters to implement the NOLS 2012 plan, to be a prudent steward of the Library's public and private funds, and to manage NOLS resources in such a way that another operating levy would not be solicited before 2021.

1. Working within available resources, the budget will emphasize services, programs and projects that respond to community needs and support the NOLS 2012 plan and the Library's strategic initiatives.
2. The Board agrees that prudence and fiscal responsibility require that operational efficiencies will be continually sought, identified and implemented swiftly wherever appropriate.
3. Recognizing that timber receipts are highly volatile, and this volatility undermines the Library's ability to maintain a stable source of operating funds, in 2012 the Board will direct all timber revenues into capital replacement funds to be used for future capital needs.
4. The Board will maintain a Reserve for Economic Uncertainty of at least three months of operating expenses (\$965,000), to be used in the event of an emergency as declared by the Board.
5. The Library will maintain the following Reserve Accounts:
 - a. *Grants and Donations*
 - b. *Capital Reserves:*
 - ♦ Capital Replacement Fund for major building repairs at all NOLS properties, as well as the replacement of major systems and equipment such as mechanical systems and vehicles;
 - ♦ Technology Reserve Fund for the upgrade and replacement of hardware, software, and systems such as the Polaris integrated library system;
 - ♦ Port Angeles Capital Fund, which must total at least \$1,113,670 by 2016, in compliance with the terms of the lease agreement with the City of Port Angeles.
 - c. *Operating Reserve*, to augment annual revenues in future years when operations and maintenance costs may exceed annual revenues.
6. The Board will maintain a minimum combined balance in all Reserve Funds of at least the equivalent of four months of operating costs (for 2012, \$1,370,700), to be used to manage cash flow without the need to borrow money.

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

The branch managers and department heads were very involved in the development of this budget, by submitting their respective budget requests, discussing them with Administration staff, and then, as a team, setting priorities and finalizing the draft. The Finance Committee has also reviewed and approved this draft budget. Administrative Services Manager CJ Wolfer has done an excellent job of collecting and compiling budget data into successive iterations. She also built the all-important 2012 personnel spreadsheet, which calculates salaries and benefits costs for all NOLS positions.

The proposed FY 2012 budget fully implements the initiatives outlined in the *NOLS 2012* plan. The most significant element of the plan is the provision of longer and more convenient service hours at all four locations. This initiative will be accomplished for the most part by restoring staff positions that had been eliminated in the early 2000s, before the passage of the 2010 levy rate increase. The next highest priority element in the plan is to provide more new books and other materials in the Library's collections. In accordance with the *NOLS 2012* plan, the budget for books and other library materials will be increased by 14.5% over the 2010 materials budget. Before the recent news about the severe drop in property values, the budget had earmarked funds for major capital outlay requirements throughout the system, either for action in 2012, such as Forks roof and renovation and the replacement of the van, or as set-asides to meet future needs, such as the pre-design work for the Sequim Branch expansion. These set-asides have been eliminated in order to bring the 2012 budget into balance. Future iterations of the 2012-2022 forecast will need to address this loss.

Revenues. Property taxes constitute the biggest percentage of Library revenue (91%). In accordance with Board policy, revenues from timber and forest products are not included in the operating budget for 2012. Rather, timber revenues received in 2012 can be budgeted in 2013 for capital improvements. Modest increases in prints/copies made by the public, and in overdue fines and fees, have been included, based on receipts to date in 2011. Rental income from the Lauridsen property has not been included in the budget. A total of \$46,817 representing possible grants from the four Friends of the Library groups has been included as estimated revenue, so that the items on each branch's Friends "wish list" can be included in the budget. If Friends donations differ from our estimates, of course expenditures will be adjusted accordingly.

Personnel. In accordance with the *NOLS 2012* plan, staff positions have been restored in all four libraries in order to support expanded hours of service effective in 2012. Library employees are in the second year of a two-year employment contract which provides for a .5% (one half of one percent) cost of living adjustment (COLA) effective January 1, 2012. This adjustment is factored into the budget. The *NOLS 2012* positions were budgeted for about 41% of the 2011

fiscal year (August 1 through December 31, 2011). They are budgeted for the full year in 2012. Planned increases in PERS (the State retirement system for NOLS employees and L&I (workers compensation) insurance premiums are also included. Salaries and benefits total \$2,814,938 for 2012, an increase of 12% over 2011's figures.

Supplies. Books, DVDs, downloadable audio books, e-books, online databases and other library materials are included in the Supplies budget category. In accordance with the *NOLS 2012* plan, the materials budget has been increased by 14.5% over the materials budget in 2010, which is about 4% over the budget in 2011. This will allow the Library to purchase more new materials as outlined in the business plan. The Supplies category, not including library materials, is up about 4.3% over 2011.

Other services and charges. The *Professional Services* category includes a couple of new additions. \$50,000 is included in the hope that NOLS will be able to hire a system administrator on contract for the Polaris Integrated Library System (ILS). We have a strong interest in building knowledge of and experience with Polaris throughout the staff, and as part of the contract for system administration, staff training will be a major component. It is expected that the contract period would be 18 months to 2 years, after which NOLS should be able to shift this back to being a staff position, ideally filled with an in-house candidate.

Also included in *Professional Services* is the sum of \$20,000 to hire consultants to begin the planning process for the Sequim Branch expansion project, and \$8,000 to hire a Human Resources (HR) consultant to assist NOLS in improving its HR policies.

Staff training and development will continue to be emphasized in 2012. Funding is allowed for skill-building training as well as attendance at some influential conferences, and participation in webinars and online training opportunities.

In *Communications*, \$25,000 is allowed to purchase an upgraded telephone system for all locations. This year the staff has begun researching Voice Over Internet Protocol (VOIP)-based systems with plans to purchase a system in 2012.

Utilities costs are expected to increase across the system. Fortunately, NOLS over-estimated the impact of rate increases in 2011, so another large increase in utilities expenditures is not required for 2012. Similarly, NOLS' insurance provider, Enduris, has notified the Library that because of its claim history, no insurance premium increases are anticipated in 2012.

In the *Dues* category, annual dues for the Library's membership in the Chambers of Commerce in Port Angeles, Sequim and Forks are included. In Intergovernmental Services, we have increased the budgeted amount for the State Auditor. The fees went up this year by about 6%.

In the area of *Repairs and Maintenance*, the Library will continue its contract with a firm that converts the NOLS website to a format compatible with mobile computing (smart phones), as well as the contract service that allows NOLS customers to post their own reviews on the NOLS catalog website.

Overall, the *Services and Charges* category was budgeted at \$478,741 in 2011, and it is set at \$593,585 for 2012, an increase of about 27%.

Capital outlays. In the Machinery and Equipment line, the Library's 1995 van is slated to be replaced next year, and \$41,000 is allowed for this expenditure. The bins that receive books and materials returned inside the Port Angeles Library are old and not ergonomic, and they are scheduled to be replaced at a cost of \$6,000. As in previous years, funds are also allowed to replace computers, monitors, uninterruptible power supplies, servers, printers and other technology equipment. \$13,000 is included for half the projected cost to replace the existing public computer management software. The first half of the cost will be paid for in 2011. The total amount budgeted for Capital Outlays in 2012 is \$151,086, compared with \$124,080 in 2011, an increase of 22%. Most of the capital expenditures in 2011 reflected deferred maintenance, such as sealing/stripping parking lots and HVAC upgrades that NOLS was finally able to address as a result of the passage of the levy. Much of the allocation in 2012 consists of the same basic maintenance.

Transfers out. The amount of \$100,000 is set aside for the Forks roof and renovation project. It is not likely that this project will begin in 2012, but if it does, the funds could be moved into the *Capital Outlay* section of the operating budget.

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North Olympic Library System
2012 Operating Budget Summary

Adopted 11/28/11

	2011 Budget	2011 Projected Actual	2012 Proposed Budget
Operating Revenues			
Real and personal property tax			
Basic property tax	4,123,878	4,123,878	3,768,357
New construction	22,500	22,500	-
Rebates, corrections, etc.	-	-	-
Forest excise tax (private)*	-	-	-
Leasehold excise tax	13,000	22,764	13,000
Subtotal	4,159,378	4,169,142	3,781,357
Intergovernmental revenues			
DNR shared revenue (public)*	-	-	-
Library services revenue	1,320	3,420	3,420
Subtotal	1,320	3,420	3,420
Charges for goods and services			
Public photocopies, internet printing and faxes	14,000	14,656	15,000
Sales of taxable merchandise	400	462	500
Subtotal	14,400	15,119	15,500
Library fines and fees	51,000	64,493	60,000
Miscellaneous revenues			
Investment interest**	12,000	18,000	-
Investment service fees	(1,000)	(750)	-
Media equipment rentals	1,250	1,480	1,400
Facilities rentals (meeting rooms)	700	147	150
Facilities leases (property)	14,400	11,692	-
Contributions and donations***	30,200	113,426	46,817
Other miscellaneous revenues	35,000	43,472	35,000
Subtotal	92,550	187,468	83,367
Total Operating Revenues	4,318,648	4,439,641	3,943,644
Nonrevenues			
Funds collected for agencies (excise taxes)	-	2,026	3,570
Subtotal	-	2,026	3,570
Transfers in			
From reserve for economic uncertainty	-	-	164,741
Subtotal	-	-	164,741
Total Revenues	4,318,648	4,441,667	4,111,955

North Olympic Library System
2012 Operating Budget Summary

Adopted 11/28/11

	2011 Budget	2011 Projected Actual	2012 Proposed Budget
Expenditures			
Personnel			
Salaries and wages	1,803,094	1,621,671	2,003,237
Benefits	714,312	567,673	811,701
Subtotal	2,517,406	2,189,344	2,814,938
Supplies			
Office supplies	19,367	8,473	32,994
Technology supplies	7,520	5,147	7,000
Programming supplies	7,400	13,038	10,062
Operating supplies****	14,820	9,097	-
Maintenance supplies	18,100	16,394	20,500
Fuel	1,500	1,249	2,000
Collection materials (library materials)	350,462	387,035	364,210
Small tools and minor equipment	3,100	769	2,330
Subtotal	422,269	441,203	439,096
Services and Charges			
Professional services			
Technology	1,475	676	51,500
Programming	16,180	22,040	38,280
Carpet cleaning	5,200	4,604	5,600
Debt collection	4,000	4,661	4,500
General	28,375	40,585	66,900
Janitorial	1,200	527	1,200
Legal	3,000	2,633	4,000
Training and conference fees	8,465	12,669	15,660
Subtotal professional services	71,895	88,395	187,640
Communication	154,892	120,376	160,229
Travel*****	18,901	11,791	17,357
Advertising	500	489	500
Operating rentals and leases	1,552	1,494	1,765
Insurance	32,100	28,355	32,800
Public utilities	102,310	63,605	88,647
Repairs and Maintenance			
General	11,870	6,702	10,020
Groundskeeping	13,200	7,625	13,750
Vehicles	1,000	1,512	1,000
Technology	42,930	2,036	37,221
Mechanical, electrical, plumbing	18,100	21,357	21,300
Subtotal repairs and maintenance	87,100	39,232	83,291

North Olympic Library System
2012 Operating Budget Summary

Adopted 11/28/11

	2011 Budget	2011 Projected Actual	2012 Proposed Budget
Miscellaneous services			
<i>Printing</i>	2,250	4,079	6,700
<i>Dues/memberships</i>	655	630	2,356
<i>Other charges</i>	100	2,704	3,100
Subtotal miscellaneous services	3,005	7,413	12,156
Subtotal	472,255	361,150	584,385
Intergovernmental Services			
Intergovernmental professional services	5,100	12,012	19,100
Intergovernmental payments	1,387	5,261	1,500
Subtotal	6,487	17,273	20,600
Total Operating Expenses	3,418,416	3,008,970	3,859,019
Nonexpenditures			
Funds distributed to agencies	-	1,949	1,850
Total Nonexpenditures	-	1,949	1,850
Capital Outlays			
Buildings and structures	8,000	8,444	11,000
Other improvements	21,750	26,920	14,500
Machinery and equipment	94,330	83,276	125,586
Total Capital Outlays	124,080	118,639	151,086
Transfers Out			
Reserve for economic uncertainty	80,000	80,000	-
Technology contingency fund	15,000	15,000	-
Forks capital project	175,000	175,000	100,000
Sequim design development (2012)	-	-	-
General capital outlay fund	20,000	20,000	-
Budget reserve fund (HFOY)	486,152	486,152	-
Total Transfers Out	776,152	776,152	100,000
Total Expenditures	4,318,648	3,903,761	4,111,955
*Timber revenues removed from the operating budget beginning in 2011.			
**Interest revenues removed from the operating budget beginning 2012.			
***The 2012 budget includes anticipated grants from Friends of the Library groups.			
****Operating supplies and office supplies are combined into one category for 2012.			
*****Travel for training is included in this category.			



Resolution 11-11-10
Library Board of Trustees
North Olympic Library System

Authorizing the Library Levy for 2012

WHEREAS on August 17, 2010, the voters of Clallam County approved restoring the Library's property tax levy rate from 33 cents to 50 cents per one thousand dollars of assessed valuation; and

WHEREAS the Board of Trustees of the North Olympic Library System taxing district has met and considered its budget for the fiscal year of 2012; and

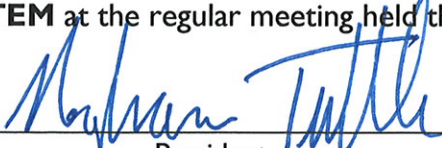
WHEREAS property values in Clallam County have declined from 2011 to 2012, and in order for the Library to collect 101% of the previous year's tax levy, as allowable by state law, the levy rate would need to increase above 50 cents; and

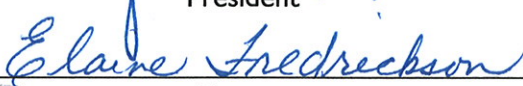
WHEREAS NOLS' levy rate of 50 cents per one thousand dollars is the statutory limit for library districts; and

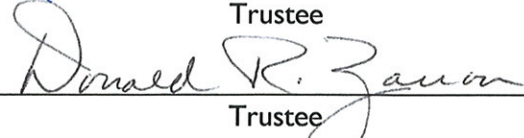
WHEREAS the Board has found that the District requires the property tax rate of 50 cents per thousand in order to meet the District's 2012 financial obligations;

NOW THEREFORE BE IT RESOLVED, by the Board of Trustees of the North Olympic Library System that the regular property tax levy rate at the voter-approved 50 cents per thousand is hereby authorized for the 2012 tax year. This 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 annexations that have occurred and refunds made.

PASSED BY THE BOARD OF TRUSTEES OF THE NORTH OLYMPIC LIBRARY SYSTEM at the regular meeting held this 28th day of November, 2011.

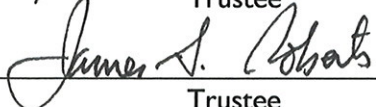


President


Trustee


Trustee



Trustee


Trustee

ATTESTED BY:



Administrative Services Manager