



Staff report

To: Library Board of Trustees
From: Margaret Jakubcin, Library Director
Date: March 16, 2018
Subject: Background information on LCFA process

Recommendation. For informational purposes only. No action required at this time.

Background. NOLS is currently concluding Phase 2 (Conceptual Planning/Schematic Design) of the Sequim Library Expansion planning project. The final report from Phase 2 will be delivered to the Board in April or May, 2018. A community presentation is planned for mid-May (exact date still to be determined). During earlier phases of this extended planning process the Library Capital Facilities Area (LCFA) has been identified as the most likely funding method to support an expanded library in Sequim, and the boundaries of the proposed LCFA have been previously determined as the same as those of the Sequim School District.

Daniel Gottlieb, an attorney with Hillis Clark Martin & Peterson, a Seattle law firm, has helped several western Washington libraries form Library Capital Facilities Areas (LCFAs). NOLS staff have conferred with Mr. Gottlieb several times during preliminary planning for this project, and overview reports discussing the LCFA process have been presented to the Board on various prior occasions. This report combines and updates prior information, and is presented as foundational information for Board deliberations regarding LCFA actions, which will be on the agenda at upcoming meeting(s).

A Board decision regarding an LCFA bond matter should ideally be made within the next two months, in order to keep NOLS on a viable timeline, working toward a target date of the November 2018 general election.

Discussion.

Formation of Library Capital Facilities Areas (LCFAs) is covered in [RCW 27.15](#) (copy attached). The process is summarized as follows:

1. The NOLS Board must pass a resolution asking the County Commissioners to put the matter of an LCFA for the Sequim / Dungeness Valley area (SLFCA) on the ballot.
2. A similar resolution must also be passed by any incorporated cities in the proposed SLFCA, in this case the City of Sequim.

3. RCW 27.15 requires that the completed request be signed by a majority of the NOLS Board of Trustees, and contain the following:
 - A description of the boundaries of the SLCFA; and
 - Copies of the resolutions of the Sequim City Council and the NOLS Board of Trustees, indicating approval of the creation of the SLCFA, and agreement on how election costs will be paid. (RCW 27.15.020).
4. Although it is not required by law, it has been customary in connection with the formation of previous library capital facility areas, for the library district and the affected city to enter into a memorandum of understanding (MOU) regarding the roles of the parties in the development, ownership and operation of the library to be financed.
5. Sample copies of library board and city council resolutions, a joint request, and a memorandum of understanding, are attached. These documents are all related to a recent effort by the Sno-Isle Library District to create and fund an LCFA for a Lake Stevens library.
6. Upon the receipt of a request that satisfies the requirements, the Clallam County Board of Commissioners must submit the measures (there are two, see below) to the voters within the proposed boundaries of the SLCFA.
7. The first measure authorizes the establishment of the SLCFA, which requires only a simple majority approval to pass. The second ballot proposition authorizes the SLCFA, if established, to finance library capital facilities by issuing general obligation indebtedness and imposing excess levies to retire the debt (RCW 27.15.020). The second one (the bond issue) requires at least 60% yes votes, and the total number of voters (whether they vote for or against the measure) must be at least 40% of the number of voters who voted in the last (2017) general election.
8. The two measures need to be on a general or special election ballot. For a number of reasons, previously discussed, NOLS has targeted the general election in November 2018 as the potential date for a SLCFA ballot. NOLS would share a pro-rated portion of the election costs with other jurisdictions that have items on that ballot. This pro-rated cost is generally not known until after the closing date for placing items on the ballot (August 7, for the November 2018 general election).
9. If the first measure is successful, the SLCFA would be created and the Board of County Commissioners would become its governing body for the LCFA. The customary practice throughout the state would for the SLCFA, NOLS, and the City to expand and replace the MOU with an interlocal agreement regarding the roles of the parties in the development, ownership and operation of the library to be financed. A sample of an interlocal agreement related to the Coupeville LCFA is attached.
10. If the first measure passes but the second one fails, RCW 27.15 provides for a second try to pass the bond issue. That effort would require a repeat of steps 1-6 above, but also including a resolution from the SLCFA. If the bond measure fails the second time, the

SLCFA is automatically dissolved (RCW 27.15.060(2)). Any future efforts to create and fund an SLCFA would require NOLS and the City to start over with new resolutions and both measures on a future ballot.

Additional Information: During 2017 NOLS staff provided preliminary information about the proposed project to Sequim City Council and staff, and to the Board of County Commissioners, and are now reinitiating those contacts as NOLS moves into the final stages of decision making on this matter.

Mr. Gottlieb estimated the cost of the legal work required for the SLCFA bond process at approximately \$15,000 to \$35,000. These costs would be payable from the bond proceeds. His firm's customary practice is to perform the work necessary to get the measure ready for the ballot on a contingency basis, with the understanding that if both measures pass, Hillis Clark Martin & Peterson would be engaged as the bond counsel.

Mr. Gottlieb is available to make a presentation to the Board, or to be available to provide additional information, at the April 26, 2018 meeting -- if the Board wishes.

Attachments:

Copy of RCW 27.15: Library Capital Facilities Areas

Sample copies of library board and city council resolutions, joint request, MOU

Sample copies of an Interlocal agreement