



Staff Report

To: Library Board of Trustees
From: Sequim Library Expansion Project Committee
Date: April 23, 2018
Subject: Sequim Library expansion project –
Board discussion re LCFA and project funding

Recommendations/Actions.

This report is provided as background information for Board discussion and decision-making about funding an expansion of the Sequim Branch Library. Action is not required at the April 26, 2018 meeting, however a Board decision regarding an LCFA bond matter should ideally be made in the next few weeks. To facilitate public input, and support thoughtful Board discussion and timely decision making, a Special Board meeting has been tentatively scheduled for May 10, 2018, at 5:30pm, at the Sequim Branch Library, for conclusion of this discussion.

The recommendation of the Board Committee on the Sequim Branch Expansion is that the Board approve placement of Library Capital Facilities Area (LCFA) ballot measures on the General Election ballot in November 2018. At a future meeting, the Board will also be asked to discuss and approve Board Finance Committee recommendations regarding commitment of NOLS funding to provide supplemental support to funds obtained through public bonds. These actions will require Board approval of specific resolutions and other motion actions.

Project History/Background.

Background information on the history of the Sequim Expansion Project has been presented to the Board on a number of occasions. A 2017 background report is available on the Library's webpage at nols.org. The following is intended as a brief summary only.

For approximately 20 years, there has been an acknowledged need for larger, updated branch library facility to serve the Sequim / Dungeness Valley area. Over the years, a number of different library committees, advisory committees, and community groups have explored various potential solutions to the problem of the undersized and outdated Sequim Branch. These proposals were developed and considered in the context of the community, economic, and library factors prevailing at those times. On each prior occasion that a solution to this problem was attempted, for one reason or another, it was decided that the timing and/or proposed solution was not right.

Thus, although this pressing community need has been broadly acknowledged for decades, the community as a whole has never been presented with an opportunity to express their preferences with regard to a well-developed expansion proposal.

In recent years NOLS has prioritized the Sequim Branch facility problem, and has committed to moving this project forward. In recognition of the past history of deferred and ultimately fruitless projects, NOLS deliberately adopted a slow, methodical, phased, planning approach. This progressive planning process was initiated in approximately 2014, and is now reaching culmination, and therefore an important decision point.

NOLS believed that a phased project was the most responsible approach, in that it committed Library resources responsibly, acknowledged limitations on available staff time, and posed questions and arrived at solutions incrementally - with each phase building on the results from the prior one. The phased planning approach also maximized opportunities for community involvement in the planning process and provided preliminary opportunities to ascertain public opinion on the project. And finally, a phased approach allowed NOLS to proceed with planning while respectfully staying out of the way of other local agencies who were already in the process of seeking to address their own funding/taxing issues.

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

Brief Recap of the Feasibility Study (Phase 1).

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

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

A copy of the final report from the 2014 Feasibility Study is available on the [NOLS website](#).

Brief Recap of Conceptual Planning and Design (Phase 2)

NOLS is currently concluding Phase 2 of the Sequim Library Expansion planning project (Conceptual Planning/Schematic Design). NOLS' big-picture objectives and goals for Phase 2 include:

- a detailed building needs assessment (building program)

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

A detailed explanation of the process followed during Phase 2, and the outcomes from that process, are described in the report prepared by SHKS Architects. A **draft** of this final (Phase2) project report is included in the April 26, 2018 Board packet. After the Board review the draft and provide input at the April 26 meeting, the draft report will be finalized for publication to the NOLS webpage. SHKS will provide a community presentation on the outcomes of Phase 2 planning on May 16, 2018 at 6 pm, at the Sequim Branch Library.

Recap of LCFA process.

As part of Phase 1, and continuing in Phase 2, likely funding methods were explored. The Library Capital Facilities Area (LCFA) bond has been identified as the most appropriate funding method to support an expanded library in Sequim. The March 22, 2018 Board packet included a detailed recap of the LCFA process. A copy of that document is re-attached to this staff report as Appendix A, and also available [on the library webpage.](#)

Policy considerations.

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

The boundaries of the Sequim Library Capital Facilities Area tax district, will reflect the service area for the Sequim Branch Library, and will be essentially the same as those of the Sequim School District.

Fiscal considerations.

Based on the final cost estimates from Phase 2, the total construction project budget is estimated at \$12,418,867. A general breakdown of those costs is summarized in the following chart.

Site Acquisition Budget				\$	-	\$
Construction*						\$8,806,816
	Site (Civil, Landscaping, Surface Parking)	83,700	sf	\$	12.58	\$1,052,946
	Building	17,235	sf	\$456.11		\$7,753,870
Design Fees						\$1,669,463
	Architecture/Engineering (per WA State Fee Schedule)			17%		\$1,497,159
	Interior Design			1.0%		\$77,539
	Site Design- L Arch/Civil/Geotech/Survey			9.00%		\$94,765
Occupancy Related Costs						\$37,000
	Moving / temporary location allowance					\$37,000
Project Contingency					10%	\$1,051,327.86
Project Total						11564606.42
Project Soft Costs - not included above						
Building Permit Fees					1%	\$88,068.16
WA Sales Tax (Sequim)					8.7%	\$766,193
Project Soft Costs Total						\$854,261.15
RECOMMENDED PROJECT BUDGET						\$12,418,868

There are also a number of other costs associated with such a capital project, which are not included in the construction budget estimates. A general breakdown of those costs is summarized in the following chart. ***These estimates are still in development, and should be regarded as rough.*** They will be finalized prior to the May 10 meeting.

Additional Project Costs	Estimate (maximum)
FF&E	\$ 400,000
Project Management	\$ 50,000
Owner contingency	\$ 72,000
Collections	\$ 158,000
Bond Counsel Fees	\$ 35,000
Election Costs	\$ 25,000
TOTAL	\$ 740,000

Staff, together with the Board Finance Committee, are also still in the process of evaluating the level of funding support that the Library can responsibly contribute toward this project utilizing capital reserves and gift funds. At present it is the general recommendation of the Finance Committee that NOLS contribute up to \$1,000,000 of the Library's fiscal resources to support a bond funded Sequim expansion project. NOLS accounts tentatively identified as potential sources for this funding include the NOLS Capital Reserve Account and the following gift funds (which carry donor designations for the Sequim Branch): William Bequest; Margaret Bode Bequest; Strett Memorial. The Finance Committee will complete their fiscal analysis and finalize these recommendations prior to the May 10 meeting.

If the bond measure is successful, additional local fundraising will be undertaken, and wherever possible grants or other supplemental funding sources will be sought.

The working recommendation of Finance Committees is that the maximum amount of a LCFA bond that should be put before voters is \$12,400,000. NOLS has consulted with Scott Bauer,

of Northwest Municipal Advisors, in Bellevue, Washington, to obtain preliminary advice and estimates related to funding the Sequim Library expansion project through LCFA bonds.

Based on a bond term of approximately 20 years, a \$12.4 million bond measure would represent the following monthly/annual costs for local homeowners.

Homeowner Tax Amount in 2020		
<i>Assessed Value</i>	<i>Cost per month</i>	<i>Annual Cost</i>
\$250,000	\$4.84	\$58.12
\$300,000	\$5.81	\$69.74
\$350,000	\$6.78	\$81.37

Discussion.

NOLS has expended considerable energy, effort, and resources in a careful and methodical planning process to ascertain the community’s vision for an expanded library, and to develop a viable expansion proposal that reflects that vision. This incremental planning project has been underway for approximately four years, intensively for approximately the last year. The measured pace, and duration of the planning process, has provided ongoing opportunity for NOLS and the community to build good understanding of the needs, options, possible solutions, and funding ramifications of the project. The planning process has been community involved and transparent, and project information has been openly shared with the community as it became available, throughout the process.

The intended culmination of Phase 1 and 2 planning has been to develop a feasible proposal that will address the serious facilities issues at the library that serves the Sequim / Dungeness Valley area. The NOLS Board is now arriving at a significant decision point.

In analyzing and discussing all the available information, and reaching their recommendation, the Board Committee on the Sequim Branch Expansion gave particular weight to the following considerations.

General Project/Community Considerations.

- Numerous studies, well supported by local usage data, confirm that public libraries continue to be a strong and vital component of their communities. Libraries have adapted well to a changing society, and continue to meet community needs in new and innovative ways. Books, in both print and electronic form, remain enduringly popular, access to technology and tech skills training is an important and expanding role of the modern library, as is the role of the Library as a community hub, where people can come together to meet, work, study, play, and create. In short, despite the changing face of library service roles, library *buildings* remain essential to a library’s ability to meet community needs and expectations, and will continue to do so in the future.

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

Timing Considerations.

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

- During the last decade NOLS has expanded the library collection, information tools, and technology resources; improved customer service standards, enhanced and extended programming offerings; initiated innovative services; built and nurtured community partnerships; and in the process, become an important community hub. NOLS is doing an excellent job serving the community -- but the physical inadequacies of the busy Sequim Branch facility impose challenging constraints, which will only get worse as the building continues to age and the population continues to grow.

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

Alternatives considered.

Following discussion, the Board has several possible options.

- Carry the discussion forward for conclusion at the tentatively scheduled May 10, 2018 Special Board meeting. Action at that meeting will allow time for further reflection and thought, as well as public input, but keep the process moving forward in a timely fashion.
- Request additional information. As noted above, staff are still in the process of obtaining and refining certain cost estimates, and working with the Board Finance Committee to formulate a precise recommendation regarding the level of NOLS' capital reserve support for this project. This information will be included in the Board packet for the May 10 meeting.
- Approve placement of a ballot measure before the voters in the November 2018 general election. There are a number of specific Board actions required to officially initiate this process, including adoption of a joint resolution and a MOU with the City of Sequim. Samples of these documents have been previously provided to the Board; drafts of iterations specific to NOLS scenario will be drafted prior to the May 10 meeting.
- Defer a decision, indefinitely.
- Decide not to proceed with placing a ballot measure before the voters.

Attachments: Appendix A: March 2018 Staff Report on LCFA Process