Date: May 27, 2021
To: Library Board of Trustees
From: Noah Glaude, Executive Director
Subject: Approval of Resolution 21-05-03: Authorizing Transfer of Funds for Sequim Capital Project

Attachments: Resolution 21-05-03: Authorizing Transfer of Funds for Sequim Capital Project
SHKS Architects - NOLS Sequim Library Project Proposal

Topic:
Authorizing the transfer of funds for the Sequim Capital Project.

Background:
In June 2020, NOLS applied for the Library Capital Improvement Program Grant administered by the Washington State Department of Commerce. The funding would help correct pressing facility issues at the Sequim Branch Library; issues which have been exacerbated by the effects of COVID-19. In early October 2020, NOLS was notified that its application was selected as a recommended project, ranked 5th out of 33 applications, with recommendation for full funding of the project.

A staff report from May 28, 2020 about NOLS' grant application for the Library Capital Improvement Program can be found on the NOLS website at http://local.nols.org/Docs/sequim-library-project/LCIP-Grant-Staff-Report.pdf. More information about NOLS' efforts during the past decade to expand the Sequim Branch Library can be found at www.nols.org/sequimlibraryproject.

Discussion:
On May 18, 2021, Governor Inslee signed HB1080 – the Washington State 2021-23 Capital Budget, which includes $2 million in matching funds for the Library Capital Improvement Program grant for the Sequim Branch Library. The Capital Budget passed both the House and Senate in April, and the Governor’s signature on the budget bill was the final step in the approval process.

The Department of Commerce will administer the Library Capital Improvement Program grant and will begin making funds available, on a reimbursement basis, in July 2021.

The conceptual plans that library staff developed with SHKS Architects in June 2020 for an expanded and renovated Sequim Branch Library had an estimated project cost of $4.8 million. Based on that cost estimate and rising construction costs, NOLS will need to utilize the full $2 million grant, which will require $2 million in matching funding from NOLS.
NOLS staff will issue a Request for Proposals (RFP) for an architect in June 2020. The architect will develop a final design for the Sequim Branch and will be NOLS’ first expense related to the project.

**Fiscal Considerations:**
The NOLS Capital Reserve balance was $2,706,054 as of April 30, 2021. Transferring $2,000,000 out of the NOLS Capital Reserve will significantly reduce the balance. Despite the reduction, NOLS will still have healthy reserves to maintain its all other facilities. The Clallam Bay Branch was fully renovated in 2009 and the Forks Branch Library was fully renovated in 2013. Both facilities have been well maintained since those renovations and major projects are not expected in the near future.

The Port Angeles Main Library has also been well maintained since it was built in 1996, but major projects are expected in the coming years, including replacing the roof, HVAC systems and parking lot repairs. Fortunately, separate reserve accounts have been setup for capital needs at the Port Angeles facility. As of April 30, 2021, there was $839,291 in two Port Angeles Capital Account CDs and $113,998 in a Port Angeles Capital Reserve Account.

With nearly 1 million in capital reserve accounts for the Port Angeles facility, over $700,000 for capital needs around the system other than the Sequim facility, and a healthy amount of timber tax revenue continuing to be added to the NOLS Capital Reserve each year, NOLS will be able to continue to care for its facilities while investing heavily in the Sequim Branch Library.

NOLS will need to work with community partners to conduct additional fundraising efforts to financially support the Sequim Capital Project. Library staff have already begin to seek additional grant opportunities and the North Olympic Library Foundation has offered their assistance in facilitating donations.

**Policy Considerations:**
The proposed transfer is 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.

**Recommendation/Alternatives:**
That the Library Board of Trustees approve Resolution 21-05-03, authorizing the transfer of $2,000,000 from the NOLS Capital Reserve to the Sequim Capital Project Account. Alternatively, the Board could designate that transfers out to reserves be in smaller amounts or directed to different accounts.

The transfer proposals discussed above are in keeping with the Fiscal Management Policy, and have been approved by the Finance Committee.

**Motion/Action:**
That the Library Board of Trustees approve Resolution 21-05-03, authorizing transfer of funds as indicated.
Authorizing Transfer of Funds for Sequim Capital Project

Whereas, for approximately 20 years there has been an acknowledged need for a larger, updated branch library facility to serve the Sequim / Dungeness Valley area; and

Whereas, the North Olympic Library System (NOLS) attempted to pass a bond measure in 2018 to build a new Sequim Branch Library but that measure failed to reach the 60% majority required for passage; and

Whereas, the Library Capital Improvement Program (LCIP) was created by the Washington State Legislature in their 2019 Regular session to assist libraries operated by governmental units to acquire, construct or rehabilitate facilities; and

Whereas, NOLS applied for a $2 million LCIP matching grant for the Sequim Branch Library in June 2020; and

Whereas, Governor Inslee signed the 2021-23 Capital Budget into law, which included a $2 million LCIP matching grant for the Sequim Branch Library; and

Whereas, NOLS worked with an architect to create conceptual designs for an expanded and renovated Sequim Branch Library; and

Whereas, cost estimates for the resulting design have been professionally developed, and the estimated total costs for the project are approximately $4,809,479; and

Whereas, the amount of $2,000,000 has been identified by the Board Finance Committee as the current portion of NOLS Capital Reserve Account that may be committed towards the Sequim Capital Project; and

Whereas, a transfer of funds is required to fund planned Sequim Capital Project expenditures in 2021, 2022 and 2023; and

Whereas, the balance of the NOLS Capital Reserve as of 4/30/2021 was $2,706,054; and

Whereas, the balance of the Sequim Capital Project Account as of 4/30/2021 was $0; and

Whereas, NOLS will seek additional grant opportunities and conduct community fundraising efforts to provide additional project funding needs beyond the combined $4,000,000 from NOLS and the LCIP grant; and
Now therefore be it resolved: that the Board authorizes staff to transfer $2,000,000 from the NOLS Capital Reserve account to the Sequim Capital Project account to be expended on the expansion and renovation of the Sequim Branch Library.

Passed by the Board of Trustees of the North Olympic Library System at the regular meeting held this 27th day of May 2021.

__________________________________________  ______________________________________
Chair                                          Trustee

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Trustee                                        Trustee

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Trustee

Attested by:  ______________________________________
Secretary to the Board