



September 17, 2019

Location

Administrative Services 5205 Northwest Drive, Bellingham, WA 98225. (Note: “Library” refers to the Whatcom County Library System—WCLS.)

In Attendance

Trustees: Marvin Waschke, Chair; June Hahn, Vice Chair; Lori Jump, Board Secretary; Brad Cornwell. Erika Nuereberg was present via telephone from 10:35 a.m. to 11:55 a.m. **Absent:** Erika Nuereberg for the periods from 9:02 to 10:35 a.m. and 11:55 a.m. to 12:40 p.m.

Staff: Christine Perkins, Executive Director; Michael Cox, Deputy Director; Jackie Saul, Director of Finance and Administration; Thom Barthelmess, Youth Services Manager; Geoff Fitzpatrick, IT Services Manager; Christina Read, Human Resources Manager; Mary Vermillion, Community Relations Manager; Lisa Gresham, Collection Services Manager; Ruth Nail, Administrative Assistant; Jennifer Rick, Foundation Development Director (after the break)

Guests: Debby Farmer, Blaine Library Manager; Diane Marrs-Smith, Lynden Library Manager and FoBBL; Wendy McLeod, Lynden Library Assistant Manager, FoBBL; Keith Alesse, FoBBL; Doralee Booth, FoBBL; Ruth Higgins, FoBBL; Pat Jerns, FoBBL; Chuck Kinzer, FoBBL; Pat Kingshott, FoBL; Carol Macmillan, FoBL; Dick Little, WCLF; Paul Steere, WCLF; Peter Young, WCLF; Jeff Lazenby, City of Blaine; Dan Gottlieb, Hillis Clark Martin & Peterson P.S.; Dave Trageser, D.A. Davidson & Co.

Call to Order

Marvin determined quorum and called the meeting to order at 9:02 a.m.

Open Public Comment

None

Staff & Committee Reports: Executive Director

In addition to her written report, Christine recognized WCLS ILS administrator Carmi Parker for her continued efforts in bringing attention to the Macmillan eBooks embargo and lobbying big library systems in the state of Washington to take leadership roles in the matter. Christine also extended her appreciation to the Whatcom County Library Foundation (WCLF) members for their attendance at their annual retreat this past weekend and their continued support and engagement.

Staff & Committee Reports: Deputy Director

In addition to his written report, Michael highlighted the increase in usage of the Bookmobile, as well as the great story in his report, in which staff of the Deming Library were able to assist a grateful patron in finding a

ride to a medical procedure in Bellingham. He also noted that the meeting room at the Ferndale Library got some carpet squares replaced recently. The carpet was covered under warranty.

Staff & Committee Reports: Youth Services Manager

Thom shared his written report and noted the efforts in developing projects to better serve the underserved. He mentioned that staff are conducting a Diversity Audit of the YS Storytelling Collection. These books are shared with the youth in our community, and it is important that they feel adequately represented by, and connected to, this collection.

Staff & Committee Reports: Services Committee and Performance Measures

In addition to his written report Michael reminded us, when comparing the month-to-month statistics from August to September 2018, that the Point Roberts Library Grand Opening on August 11, 2018 generated a lot of traffic. Door counts from 2018 to 2019 are down a bit overall across the system, but not circulation. The decrease in visitors may be partially attributable to changes in adult program participation, due to a decrease in large events in 2019 compared to 2018.

Staff & Committee Reports: Community Relations Manager

Mary discussed her written report and highlighted some of the current initiatives in process from our marketing agency, Red Rokk, to increase new cardholders and community engagement. One of the newest items under development is currently on display in front of the lobby at Administrative Services. It is a prototype of a WCLS MusicBox, which is an interactive model to get people to sign up for a library card. She is looking forward to seeing its impact on engagement and branding. The current plan is to partner with businesses, such as banks and grocery stores, to place the MusicBoxes in these unexpected public locations in an effort to increase visibility.

Staff & Committee Reports: Personnel Committee

In preparation for her annual review, Brad noted that WCLS Human Resources and the Board of Trustees are busy gathering input to evaluate Christine's performance as Executive Director.

Staff & Committee Reports: Whatcom County Library Foundation

Marvin reported on the WCLF Retreat that transpired over the past weekend and remarked that there was lots of enthusiasm and plans to do great things this coming year. It was suggested that Foundation Development Director Jennifer Rick conduct a Trustee Education session at a future Board of Trustees meeting.

Consent Agenda

The Consent Agenda included minutes of the August 20, 2019 Board of Trustees Regular Meeting as well as the following expenditures:

General Fund:

- August 1 - 15, 2019 Payroll: Nos. 1020109027 - 1020109039, (Voucher Nos. 540957 - 541107) Totaling \$196,631.44 and August 16-31, 2019 Payroll: Nos. 1020291457 - 1020291467, (Voucher Nos. 541112 - 541262) Totaling \$200,897.80

- ACH transactions for employee benefits and monthly sales/use tax filings totaling \$167,511.78; \$52,333.55 of this is for employee funded contributions to health insurance premiums, health savings accounts, PERS, and deferred compensation plans (made via payroll deduction).
- Claims 2019-22G: Warrant Nos. 1089415-1089425 Totaling \$10,145.79
- Claims 2019-23G: Warrant Nos. 1090081-1090125 Totaling \$29,671.52
- Claims 2019-24G: Warrant Nos. 1090976-1091001 Totaling \$130,079.72

Capital Fund:

- Claims 2019-14C: Warrant Nos. 1091002-1091003 Totaling \$3,294.78

June moved to accept the Consent Agenda as presented. Seconded and unanimously approved, with Erika Nuerenberg absent at the time of the vote.

Financial Report and Resolutions: Finance Committee Report

Jackie reviewed the Finance Committee reports, noting the current revenue trough and operating deficit, which there are sufficient cash reserves to cover, as planned. More income is expected in October, which will be sufficient to replenish this cyclical deficit.

Policy Updates

Trustees reviewed a memo written by Jack G. Johnson of the law firm Hillis, Clark, Martin and Peterson, P.S. on the subject "Elimination of Late Fines." This memo addressed legal issues, precedents and intentions surrounding the subject matter and serves to provide the legal foundation for the 20.13 Write-Off of Uncollectable Debts Policy, Resolution No. 09/17/19-13, and updates to 4.01 Borrower's Policy and 4.01.04 Schedule of Fines and Fees.

20.13 Write-Off of Uncollectable Debts Policy provides overt policy to waive uncollectable debt, in accordance with Washington state law, after six years. It also gives trustees the option of waiving debt on a large scale sooner than six years, by board resolution, and allows them to update policy to eliminate charging overdue fees. Trustees asked about making this policy more visible by posting it on the WCLS.org website.

Christine reviewed the current fines and collection process. WCLS is working with BPL to coordinate the discontinuation of overdue fines, beginning January 1, 2020. Lost and damaged replacement fees will still apply.

Brad moved to approve the Write-Off of Uncollectable Debts Policy as presented. Seconded. It passed unanimously, with Erika absent at the time of the vote.

Resolution No. 9/17/19-13 to Eliminate Overdue Fines and Waive Old Fines.

Chair moved to approve Resolution 9/17/19-13 as presented. Seconded. Passed unanimously, with Erika absent at the time of the vote.

4.01 Borrower's Policy includes updating items 5, which would now state that "Effective January 1, 2020, WCLS will no longer levy overdue fees," and updated verbiage in item 6, which addresses replacement fees. In addition to the updated document, as presented, the following amendments (*in bold italics*) shall be incorporated:

C. Item 4: Borrowers are normally expected to **authenticate their eligibility to borrow materials each time they wish to borrow materials from the WCLS.**

C. Item 6 a.: If WCLS materials are not returned within 60 days past the due date, the item(s) will be considered lost, and the borrower will be charged **a replacement fee.**

June moved to approve the Borrower's Policy, as amended. Seconded. Passed unanimously, with Erika absent at the time of the vote.

4.01.04 Schedule of Fines and Fees

After review, the presented document shall include amendments to the following two item numbers:

1. Add "Annual" prior to "Nonresident card fees."

4. Lost items or missing parts:

Change to read "Lost items will be charged to the patron's account based on their replacement value."
Remove "according to library records."

Chair moved to approve 4.01.14 Schedule of Fines and Fees, as amended. Seconded. It passed unanimously with Erika absent at the time of the vote.

Rescind 12.34 Drug & Alcohol Testing Policy for Employees Who Operate Commercial Vehicles

Christina Read reviewed policy and procedures, reiterating that WCLS does not currently have any commercial vehicles and no drivers requiring a CDL. This policy is therefore no longer necessary.

June moved to rescind Policy 12.34; seconded. Passed unanimously, with Erika absent at the time of the vote.

Agreement for the Exchange of Services for the Ferndale Library

The current Agreement for the Exchange of Services with the City of Ferndale for the Ferndale Library is due to expire on September 30, 2019. WCLS has been meeting with the City of Ferndale to update this agreement. Christine presented the current draft of the Ferndale Agreement for Exchange of Services for discussion and clarification, as necessary. One point is that the term will be ongoing, instead of expiring. Jackie is waiting on feedback from our brokers on the insurance requirements that are requested by the City of Ferndale but does not expect any material changes.

Brad made a motion to approve the updated Agreement for the Exchange of Services between the City of Ferndale and WCLS, as presented. Seconded. The motion passed unanimously, with Erika absent at the time of the vote.

Break

Marvin adjourned for a break from 10:25-10:35 a.m.

Blaine Library Design Committee Update

Michael remarked on the high volume of community engagement and input in the Blaine Library design. The Blaine Library Design Committee has been interviewing firms over the past week and interviews were completed Monday, September 16. The firm recommended by the Blaine Library Design Committee is the team of Johnston

Architects and King Architecture (Johnston + King), and the Design Committee is seeking Board approval for Christine Perkins to enter into contract negotiations with this team. Michael highlighted David King's knowledge of WCLS and prior experience that includes the design of the Point Roberts Library. Marvin further noted that, of the seven proposals, the selection was difficult, because all of the candidates had strong qualifications. The Design Committee is excited and confident about their recommendation. Further discussion ensued reiterating the need for specificity of responsibilities, a clear point of contact within the City of Blaine, and measurable benchmarks, now that we will have an architectural firm on record. The community outreach experience of retired Seattle Public Library Director Deborah Jacobs on the architect's team will be appreciated with the Blaine Library project.

Brad moved to authorize Christine to enter into contract negotiations with King Architecture and Johnston Architects. Seconded. Passed unanimously, with Erika present via conference call.

Blaine – Birch Bay Capitol Projects Update

Christine discussed the results of her investigation of polling companies to conduct opinion research in Blaine and Birch Bay. The bottom line is, while it is acceptable for our library district to conduct polling and use library funds to do so, before and/or after an item is on a ballot, the polling companies do not feel that there is a large enough sample of adults in the specified region to get a sample that would yield statistically representative results. As such, the Finance Committee does not feel that this polling process would provide adequate answers to guide our decisions and is therefore not worth the expense of moving forward. Brad questioned if a lower cost poll, or other option, may be available to guide us in the levy discussion.

There is a known estimate for the Birch Bay Library building of \$4.7 million total, of which a state grant of \$2 million is available, with strict qualifications, leaving \$2.7 million still to be raised. There was a review of past capital projects elsewhere in the county with budgets over \$2 million. Jennifer Rick noted that those projects had long launch periods and large pools of dedicated fundraising staff. Further discussion addressed raising funds via general obligation bonds versus an LCFA, which requires a public vote. The maximum debt capacity that WCLS can assume, both voter-approved and non-voter approved, was discussed, along with the period that bonds may be outstanding.

Questions from those in attendance included: Is there sufficient private money available in the area to fund the Birch Bay project and/or the Blaine project? Is there private funding sufficient for one building project, or for both? Can we raise enough private money for Birch Bay in the time required? How would the borders of library capital facilities areas affect public funding options? Should we raise funds for Birch Bay individually first, with a separate option for Blaine, or should we raise capital for both Birch Bay and Blaine projects jointly?

Board Education: Library Facilities Areas and Bonds – Presentation by Dan Gottlieb and Dave Trageser

Attorney Dan Gottlieb discussed the legalities, logistics, and mechanics of establishing a Library Capital Facilities Area (LCFA), taking that information to the County Council, getting voter approval for formation of the LCFA, and getting voter approval for the bond to fund it. An LCFA essentially allows a segment of voters in a district to pay for a new library building via taxes. There have been about fifteen successful LCFAs in the state, including King, Snohomish, Island, Kitsap, and Spokane counties. Dan has worked on at least 70% of them, with twice as many being proposed as being successful.

Mr. Gottlieb explained that the county has to create a district with specific boundaries and that voter-approved bonds are supported by excess levies for an outside maturity date and maximum amount. If there were two districts under consideration, the county commission can put the two propositions on the same special or general election ballot. LCFA formation must pass by one-vote majority, whereas the bond to fund it requires

60%, with voter turnout of at least 40% of the previous general election. Governance of an LCFA includes three members of the County Council.

Bond broker Dave Trageser delivered a presentation, "Introduction & LCFA Financing Options for Whatcom County Library System," and discussed some of our financing options. Topics he addressed included debt structuring and analysis, fixed and variable debt, non-voted and affordability, voted bonds and tax levy impacts, bond terms and ratings, and ongoing service after the bond sale. The current and projected economic climate, and trends regarding the municipal bond market were also discussed, as well as projections assuming voter-approved bonds with today's interest rates. He indicated that we should expect the bonds to be tax-exempt, as they are used for municipal purposes. As with private industry, better credit, which includes a longer credit history, yields lower borrowing costs. In this example, this LCFA may be expected to be a Medium Investment Grade, because it is a newer entity, and a smaller LCFA would be projected to have a marginally lower rating than a larger one. Interest rates are not locked in until you actually sell your bonds, and there are varying costs with 20-year, and 30-year terms. Mr. Trageser further outlined the bond process and the timing between the start of the process and receipt of funds via wire transfer the County Treasurer. He explained that it is possible to issue bonds at varying times, in different series, and that separate costs of issuance would apply. With non-voted bonds, credit financing (based on your general operating fund) is more difficult than voter-approved bonds.

The question was brought up as to whether a non-voter approved general obligation bond has ever been used for a library capital project in Washington State, to which Dan and Dave replied that, in their experience, it had not. Because non-voter-approved general obligation bonds do not include new revenue, they must be paid for within existing budgets. The WCLS operating budget does not have the capacity to cover debt service for a general obligation bond at this time.

Erika discontinued her telephone attendance at 11:55 a.m., due to issues hearing the meeting.

Brad excused himself from the meeting at 12:05 p.m.

Marvin thanked Dan and Dave for their time and expertise. Christine reiterated the current position of not going forward with polling, and the need to determine the best strategy moving forward in order to guide constituent groups in their actions and messaging.

The Board listened to additional input from guest attendees. Christine agreed to gather more information about the potential impacts of one or more LCFAs on both library projects so the Board could make a decision at the October Board of Trustees meeting.

Announcements and Adjourn

No further announcements.

Marvin adjourned the meeting at 12:40 p.m.

Next Meeting

The next meeting will be at WCLS Administrative Services on October 15, 2019 at 9:00 a.m.

Address: 5205 Northwest Drive, Bellingham, WA 98226

Signed by Lori Jump

Lori Jump, WCLS Trustee

10/15/19

Date

Signed by Ruth Nail

Ruth Nail, WCLS