



AGENDA FOR LIBRARY BOARD ANNUAL RETREAT

DATE: Saturday, September 21, 2024 at 9:00 a.m.
LOCATION: *In Person Only.* Battle Ground Community Library,
1207 SE 8th Way
Battle Ground, WA 98604

The Board Retreat is an open public meeting. Limited seating will be available. No action will be taken at the Board Retreat. The regular monthly Board Meeting follows at 4 p.m. with zoom available.

- 9:00 a.m.** Welcome - Kristy Morgan and Jennifer Giltrop
- 9:15 a.m.** FVRL Overview and Priorities – Jennifer Giltrop
- 10:00 a.m.** District Debt/Financing Options – Duncan Brown PFM Financial Advisors
- 10:45 a.m.** *Break*
- 11:00 a.m.** 5-year Financial Projections – Catrina Galicz
- 12:00 p.m.** Levy Lid-Lift Overview, Options, Discussion – Jennifer Giltrop
- 3:00 p.m.** Board Roundtable – Board Roles/Expectations, Q&A
- 3:45 p.m.** *15-minute break prior to regular board meeting*

FVRLibraries

Annual Board Retreat Overview & Priorities

9/21/24



Intercounty Rural Library District

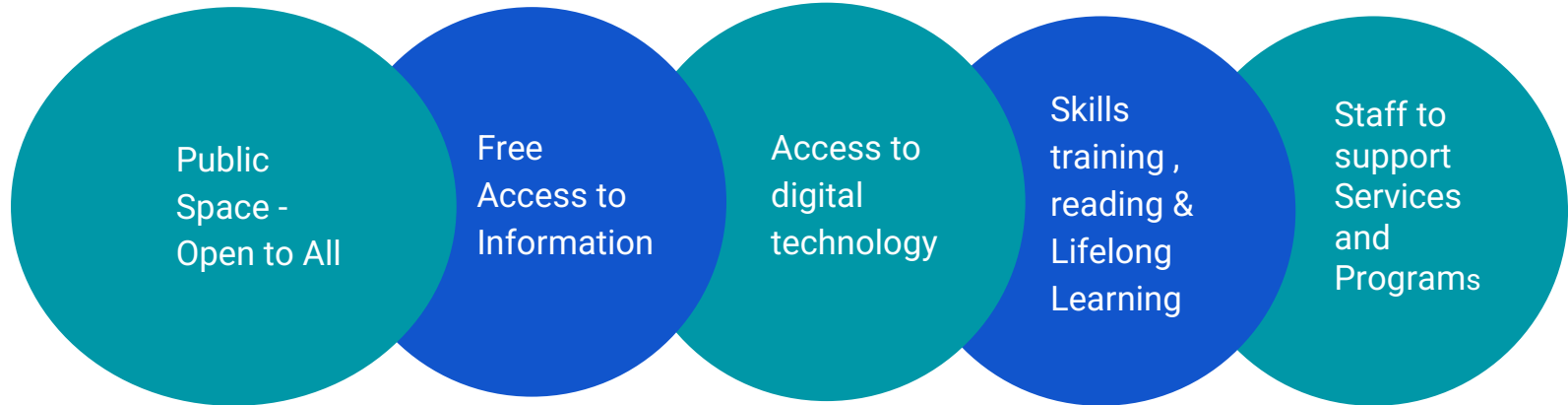
RCW 27.12.010

Fort Vancouver Regional Library District (“District” or “FVRL”) is an intercounty rural library district, which is a municipal corporation organized to provide library services for all unincorporated areas within 2 or more counties (Clark, Skamania, and Klickitat), as well as any municipalities (City of Woodland), counties or other library districts that may annex or contract for services (Yale Valley Library District).

FVRL is an independent taxing district, governed by a 7-member Board of Trustees appointed by the commissions/councils of Clark, Skamania, and Klickitat Counties to seven year terms: two positions are recommended by the City of Vancouver.

The District was established on July 1, 1950.

Public Libraries Strengthen Communities



FVRL Mission, Vision, and Values

Our Mission

To strengthen our communities through knowledge, experiences, and creativity.

Our Vision

Everyone in our communities is valued and empowered to succeed.

Our Values

We bring these principles to our work with our communities, our partners, and our colleagues:

- **Inclusion:** We listen to and act upon the perspectives and experiences of people from systemically marginalized groups.
- **Collaboration:** We work together with empathy, dignity, and respect.
- **Access:** We balance consistency with innovation to provide services and resources where, when, and how needed.

What Does the Library Do?

- Libraries provide resources to all community members which enable them to live, learn, govern and work, regardless of their age, sex, socioeconomic background, ethnicity, or ability.
- Libraries serve as community hubs. By connecting people to information and people to people. Libraries serve as a conduit for social interaction.
- Libraries promote literacy, helping both children and adults to develop and maintain skills necessary to survive and thrive in an information society.
- Libraries change lives. Library staff make a difference in people's lives through service delivery and relationships.
- Libraries are active spaces that serve and respond to the changing needs of communities



Community Perceptions of the Public Library

Perceptions - what people in the community think or feel about FVRL

1. People's perceptions of the library are shaped by their experiences.
2. Perceptions are not always based on fact.
3. Perceptions can affect library use and library support.



FVRL - 2024 A Year of Transition

Administrative Team Transitions - 67% turnover in the last year

- **Collections and Technology Services Director**
- **New** Communications and Marketing Director - (Vacant until November 2024)
- **New** Deputy Director - July 2024
- **New** Executive Director - December 2023
- **New** Executive Assistant - September 2024
- **Facilities and Fleet Director**
- **New** Finance Director - March 2024
- **New** Human Resources Director - August 2024
- **Outreach and Community Partnerships Director**

New FVRL Foundation Executive Director - Fall 2024

Page 8 of 72



FVRLibraries
FORT VANCOUVER REGIONAL LIBRARIES

FVRL - Key Priorities/Opportunities

- Update Strategic Plan - Last plan expired in December 2024
 - Draft & release RFP document to secure a consultant for the project
 - Engage Stakeholders & Community
 - Focus Groups & Surveys
 - A Strategic Plan can help the library's growth and success by:
 - Providing a framework for making decisions
 - Helping to ensure that library activities support the organization's mission
 - Helping to ensure that library resources are used effectively
 - Helping to ensure that the library's services are innovative



FVRL - Key Priorities/Opportunities

- Update Facilities Master Plan - Last plan written in 2013
 - Draft & release RFP document to secure a consultant for the project
 - *“Existing community libraries with physical or functional deficiencies include La Center, Ridgefield, Washougal, Woodland, and Stevenson. The Mall Library Connection, as well as the library express facilities in North Bonneville, Yacolt, and Yale, fall short of providing the full functionality of a community library.”*
December 2013 - BergerABAM Consultant
 - Ridgefield, Woodland, and Yale have new libraries since 2013, while there is a conceptual design and land for a new Washougal Library.
 - FVRL has a diverse mix of ownership/lease arrangements
 - Population in service area has grown by over 100,000 since 2013, with an additional ~50,000 people over the next 5 years.



FVRL - Key Priorities/Opportunities

- Levy Lid Lift - Detailed overview in the afternoon session
- Funding for the new Washougal Community Library - ~\$6M gap
- On-going service efficiency and analysis reviews
- Customer service excellence with each interaction



Thank you!

Questions?





Fort Vancouver Regional Library District

Board Retreat – Bond Basics

September 21, 2024

PFM Financial
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Seattle, WA 98104

Duncan Brown
(206) 858-5367



Discussion Topics

- 1 What Are Bonds?
- 2 Debt Issuance by Library Districts
- 3 Library Capital Facility Areas
- 4 Appendix: Market Update



What Are Bonds?



What Are Bonds?

- ◆ A bond is a loan; bond investors are akin to lenders
 - If a local government borrows money, it's probably a bond

- ◆ May be sold in various ways:
 - Directly to a bank or other single investor (“direct placement”)
 - To multiple investors in the municipal bond market (“public offering”)
 - To a state or federal agency
 - Through a pooled loan program (e.g., State of Washington LOCAL program)

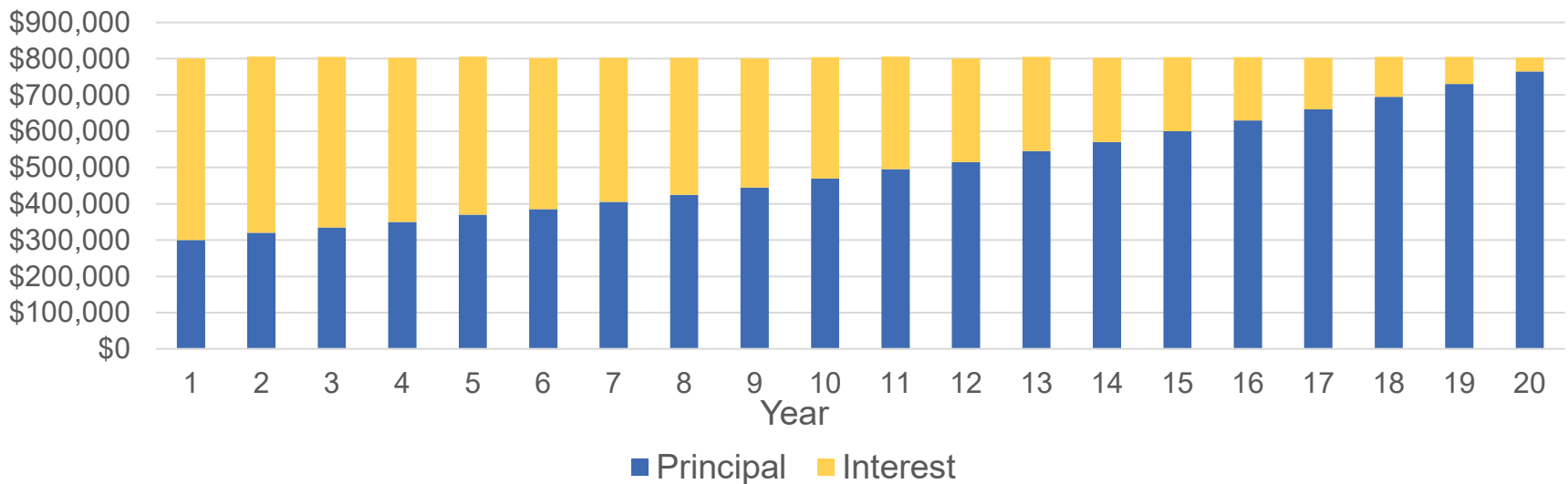
- ◆ Often structured as “tax-exempt” – interest income is exempt from federal income tax
 - Allows investors to provide a lower rate of interest



What Are Bonds? *(continued)*

- ◆ Municipal bonds typically have semiannual interest payments and annual principal payments
 - Principal + interest = “debt service”
- ◆ Significant flexibility in structuring debt service (vs. a home mortgage, for instance)
 - However, many municipal bonds are structured with level annual payments

Municipal Bond Debt Service - Example





Municipal Bonds vs. Home Mortgages – Comparison

	Home Mortgages	Municipal Bonds
Interest Rate	Taxable – based on general market conditions and a borrower’s personal credit score	Usually tax-exempt – based on general market conditions and the borrower’s credit rating
Prepayment	Any time	Typically on or after year 10
Security	Property	Pledge of taxes or revenues
Payment Structure	Level monthly payments	Generally level annual payments (but with significant flexibility)
Down Payment	Usually required	Not applicable
Term	Typically 30 years	Typically 20-30 years



Debt Issuance by Library Districts



LTGO vs. UTGO Bonds

- ◆ Two types of bonds available to library districts (RCW 27.12.222)
 - Limited tax general obligation (LTGO) bonds
 - Unlimited tax general obligation (UTGO) bonds

	LTGO Bonds	UTGO Bonds
Authorization	Board of Trustees adopts bond resolution	60% voter approval (+ Board-adopted bond resolution)
Source of Repayment	Existing resources (incl. regular property tax levy)	New, “excess” property tax levy
Security	Full faith and credit (including regular “non-voted” levy authority)	Voter-authorized excess property tax levy
Cost of Capital	Low	Lowest



Debt Capacity

- UTGO debt is limited by what voters are willing to approve
- LTGO debt is more meaningfully limited by existing resources available to pay debt service
- The following table shows the approximate bond proceeds that can be leveraged from a **\$300,000** annual debt service payment⁽¹⁾:

<i>Term:</i>	10 Years	15 Years	20 Years⁽²⁾
Est. Net Bond Proceeds:	\$2,380,000	\$3,309,000	\$3,990,000

(1) Assumes public bond sale with delivery date of 12/1/25; issuance costs of \$150,000; underwriter's discount of \$7 per \$1,000; "A" GO BVAL rates as of 9/4/24 Page 21 of 72

(2) Library districts may issue LTGO debt with a term of no more than 20 years, per RCW 27.12.222



Debt Capacity (*continued*)

- ◆ Library districts' general obligation debt is also limited by statute:
 - LTGO debt limited to 0.1% of district's assessed value
 - Total (LTGO + UTGO) debt limited to 0.5% of assessed value
 - *Neither is a meaningful limit for a District the size of FVRLD*

- ◆ Limits do not include separate taxing jurisdictions under District management (e.g., library capital facilities areas)

- ◆ Debt issuance by library districts is relatively rare



Library Capital Facility Areas



Debt Capacity (*continued*)

- ◆ Library capital facility areas (LCFAs) authorized by RCW 27.15
- ◆ A tool for library districts to “localize” the financing of new facilities
 - Only taxpayers within an LCFA pay for UTGO bonds issued by the LCFA
- ◆ Governed by three members of county council/board; administered by library district

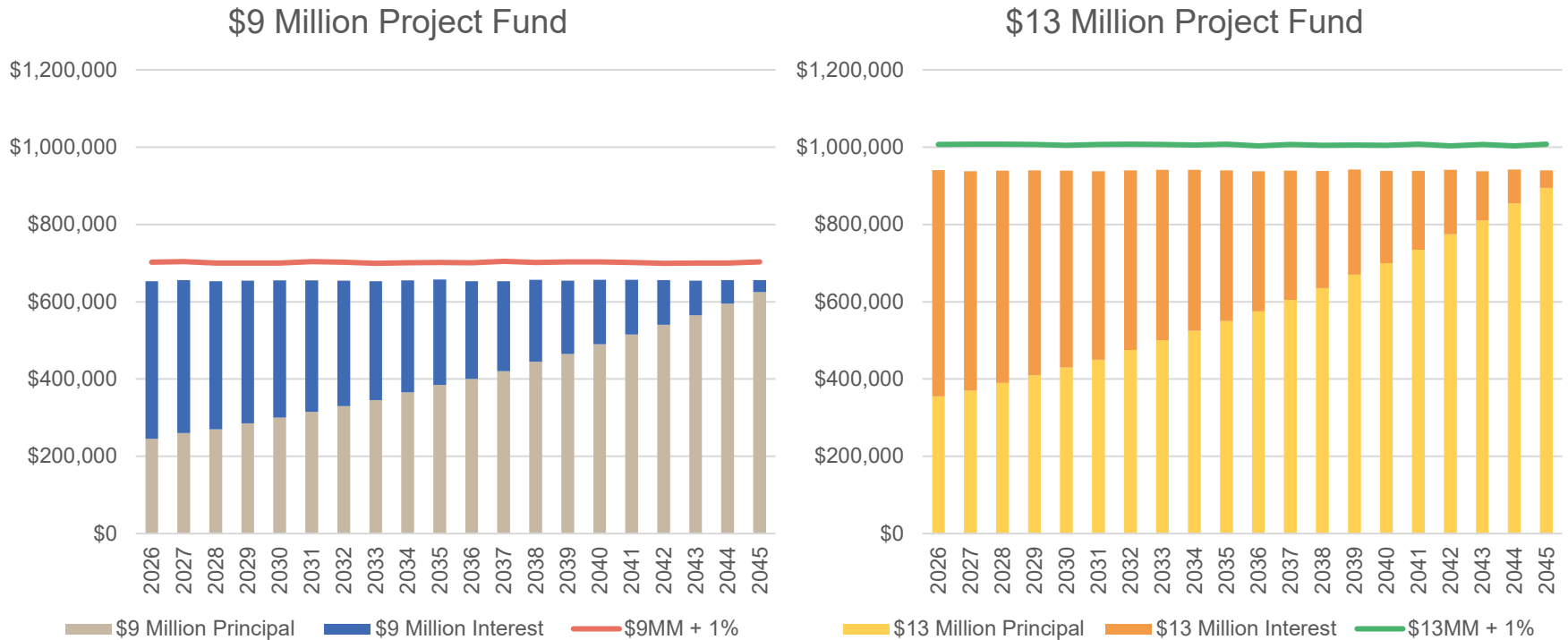
- ◆ Requires supermajority (60%) within proposed LCFA boundaries
 - UTGO bonds require separate supermajority vote (may coincide with formation vote)

- ◆ Utilized by Fort Vancouver Regional Library District twice:
 - Three Creeks LCFA (bonds paid off)
 - Vancouver LCFA (bonds outstanding through 2028)



Debt Capacity (continued)

- The charts below show estimated debt service on \$9 and \$13 million 20-year UTGO bonds for a hypothetical Washougal LCFA



(1) Source: <https://cityofwashougal.us/Faq.aspx?QID=195>

(2) Assumes public bond sale with delivery date of 12/1/25; issuance costs of \$200,000; underwriter's discount of \$5 per \$1,000; "AA" GO BVAL rates as of 9/4/24



Debt Capacity (continued)

- The table below shows the estimated annual costs to the owner of an “average” home within the City of Washougal (valued at \$583,000 as of 2024)⁽¹⁾

Year	Washougal - Total		\$9MM Project Fund		\$13MM Project Fund	
	Assessed Value ⁽²⁾	Avg. Home Value ⁽¹⁾	Levy Rate Per \$1,000	Cost to Avg. Homeowner	Levy Rate Per \$1,000	Cost to Avg. Homeowner
2024	\$3,517,107,814	\$583,000				
2025	\$3,622,621,048	\$594,660				
2026	\$3,731,299,680	\$606,553	0.1750	\$106.15	0.2521	\$152.89
2027	\$3,843,238,670	\$618,684	0.1706	\$105.56	0.2440	\$150.96
2028	\$3,958,535,830	\$631,058	0.1649	\$104.06	0.2373	\$149.73
2029	\$4,077,291,905	\$643,679	0.1605	\$103.29	0.2305	\$148.36
2030	\$4,199,610,662	\$656,553	0.1560	\$102.40	0.2237	\$146.84
2031	\$4,325,598,982	\$669,684	0.1514	\$101.41	0.2168	\$145.18
2032	\$4,455,366,952	\$683,077	0.1468	\$100.31	0.2110	\$144.16
2033	\$4,589,027,960	\$696,739	0.1422	\$99.11	0.2052	\$142.95
2034	\$4,726,698,799	\$710,674	0.1387	\$98.56	0.1992	\$141.56
2035	\$4,868,499,763	\$724,887	0.1350	\$97.86	0.1931	\$140.00
2036	\$5,014,554,756	\$739,385	0.1302	\$96.28	0.1870	\$138.27
2037	\$5,164,991,399	\$754,173	0.1264	\$95.35	0.1818	\$137.11
2038	\$5,319,941,141	\$769,256	0.1235	\$95.00	0.1765	\$135.74
2039	\$5,479,539,375	\$784,641	0.1195	\$93.76	0.1719	\$134.89
2040	\$5,643,925,556	\$800,334	0.1163	\$93.09	0.1663	\$133.08
2041	\$5,813,243,323	\$816,341	0.1130	\$92.26	0.1614	\$131.79
2042	\$5,987,640,622	\$832,668	0.1096	\$91.26	0.1573	\$130.96
2043	\$6,167,269,841	\$849,321	0.1061	\$90.10	0.1521	\$129.18
2044	\$6,352,287,936	\$866,307	0.1033	\$89.46	0.1484	\$128.54
2045	\$6,542,856,575	\$883,633	0.1003	\$88.63	0.1436	\$126.92

Average: \$97.19 Average: \$139.45

(1) Source: <https://cityofwashougal.us/Faq.aspx?QID=195>. Assumes 2% annual growth in average home value.

(2) Source: Clark County Assessor's Office. Assumes 3% annual growth in total assessed value.

Note: assumes Washougal LCFA boundaries are coterminous with City of Washougal. Does not incorporate effects of delinquencies.



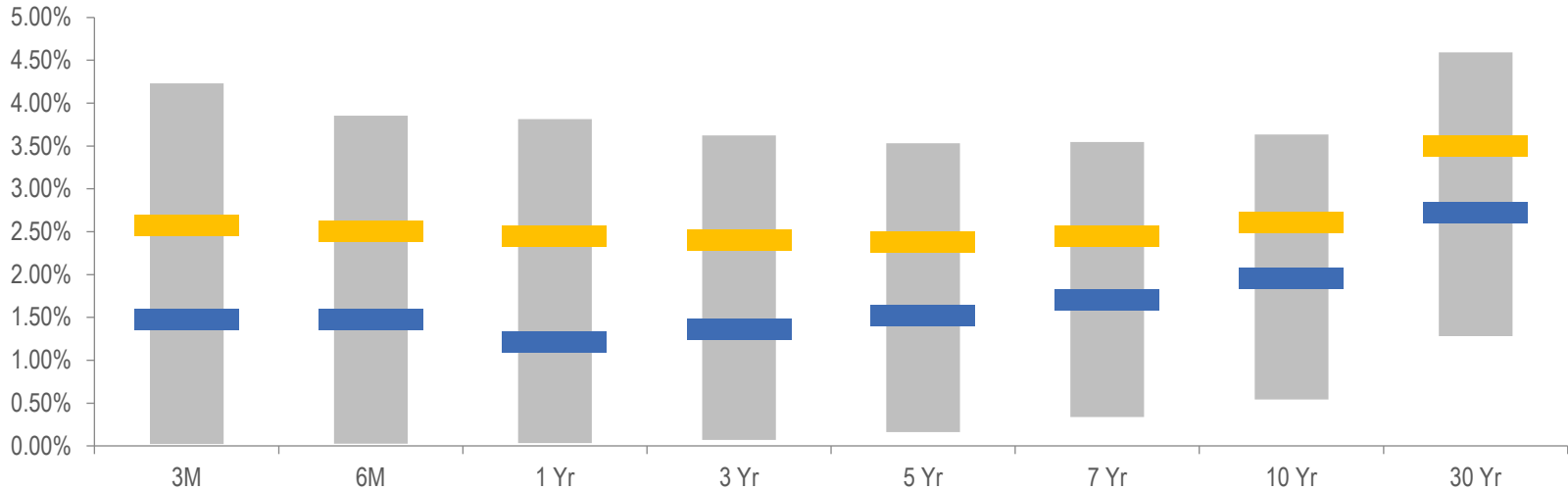
Appendix: Market Update



Historical AAA BVAL Position

AAA BVAL Rate Position
(10-Year History)

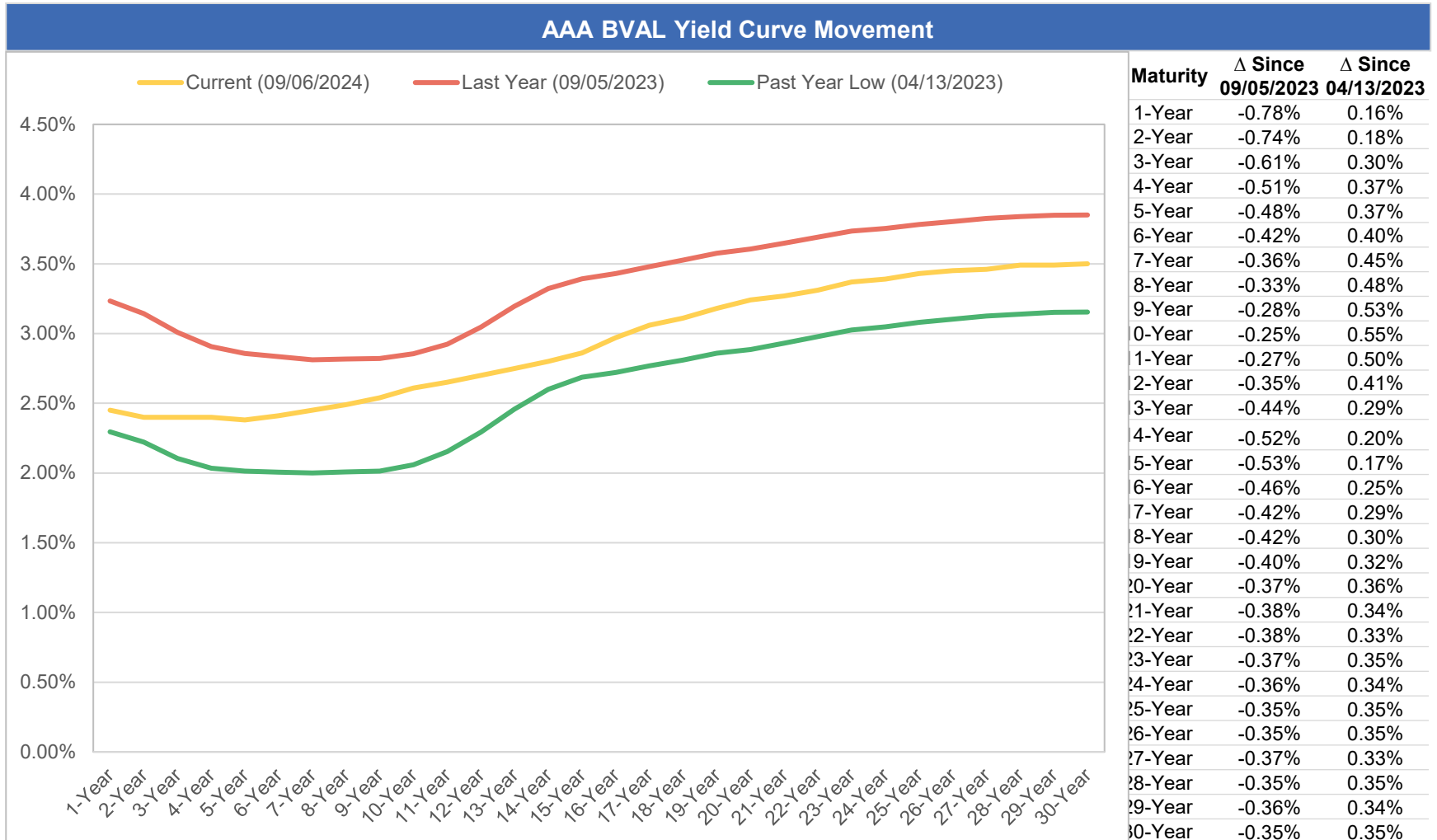
■ BVAL Range ■ BVAL Current — BVAL Average



STATISTIC	3 Month	6 Month	1 Year	3 Year	5 Year	7 Year	10 Year	30 Year
9/6/2024	2.57%	2.51%	2.45%	2.40%	2.38%	2.45%	2.61%	3.50%
Average	1.47%	1.48%	1.21%	1.36%	1.52%	1.70%	1.96%	2.73%
Spread to Avg.	1.10%	1.03%	1.24%	1.04%	0.86%	0.75%	0.65%	0.77%
Minimum	0.02%	0.03%	0.03%	0.07%	0.16%	0.34%	0.54%	1.28%
Spread to Min.	2.55%	2.48%	2.42%	2.33%	2.22%	2.11%	2.07%	2.22%
Maximum	4.23%	3.85%	3.81%	3.62%	3.53%	3.55%	3.63%	4.59%
Spread to Max.	-1.66%	-1.35%	-1.36%	-1.22%	-1.15%	-1.10%	-1.03%	-1.09%
Percent of Market Days Lower	51.92%	51.44%	81.44%	82.20%	82.76%	83.32%	85.43%	85.59%



Recent AAA BVAL Yield Curve Movement



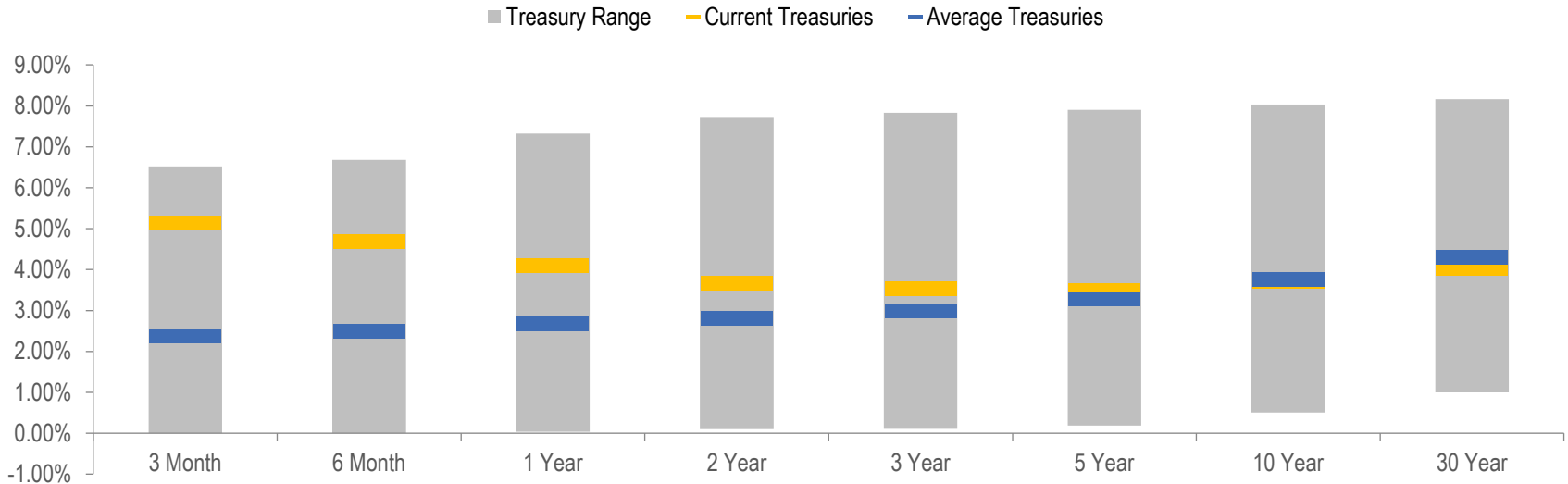
Source: Bloomberg

Page 29 of 72



Historical U.S. Treasury Position

**U.S. Treasury Rate Position
(30-Year History)**

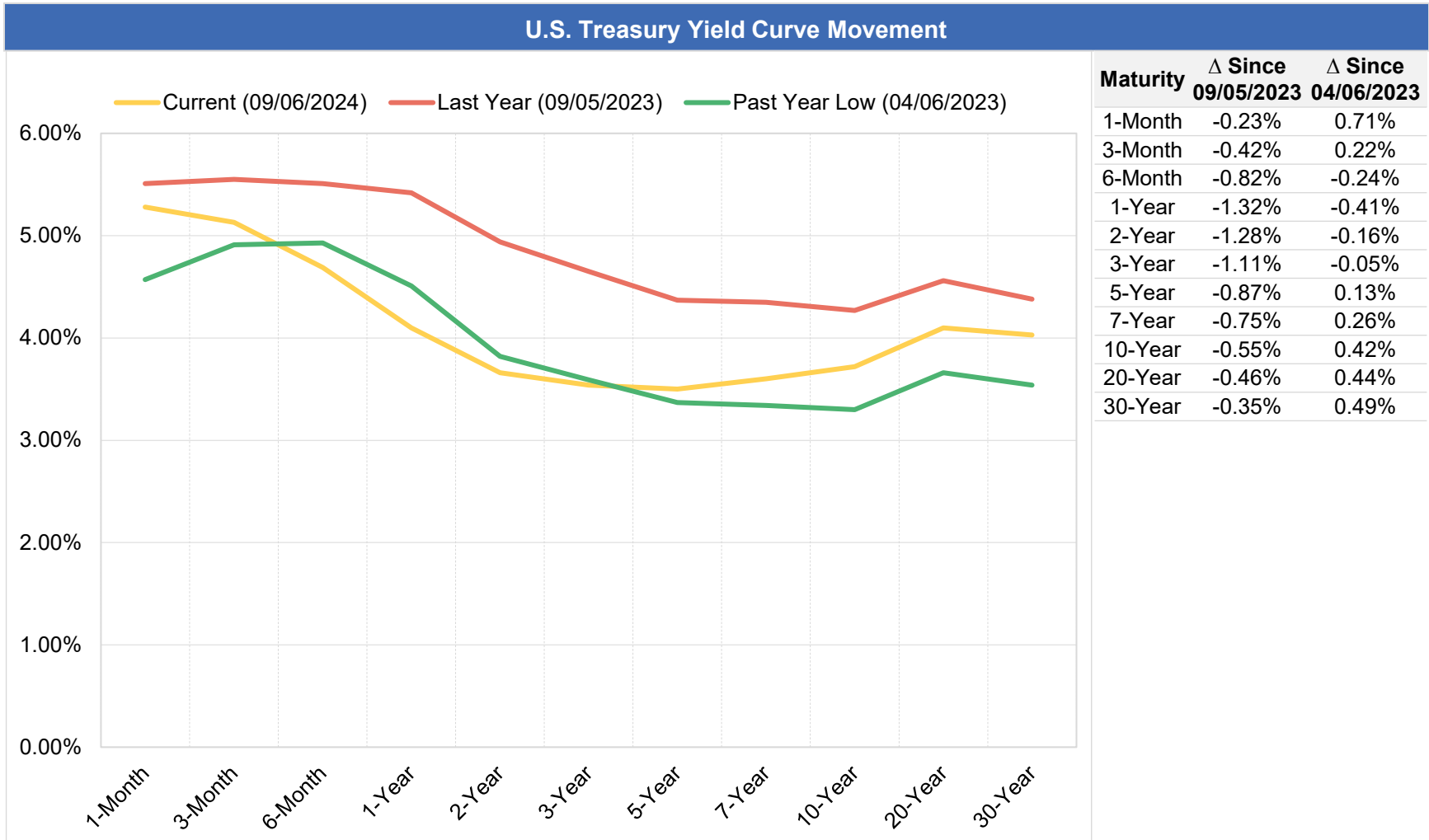


Statistic	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	10 Year	30 Year
9/6/2024	5.13%	4.69%	4.10%	3.66%	3.54%	3.50%	3.72%	4.03%
Average	2.39%	2.51%	2.69%	2.80%	2.99%	3.28%	3.77%	4.30%
Spread to Avg.	2.74%	2.18%	1.41%	0.86%	0.55%	0.22%	-0.05%	-0.27%
Minimum	-0.09%	0.00%	0.04%	0.10%	0.11%	0.19%	0.51%	1.00%
Spread to Min.	5.22%	4.69%	4.06%	3.56%	3.43%	3.31%	3.21%	3.03%
Maximum	6.44%	6.68%	7.32%	7.73%	7.83%	7.90%	8.03%	8.16%
Spread to Max.	-1.31%	-1.99%	-3.22%	-4.07%	-4.29%	-4.40%	-4.31%	-4.13%
Percent of Market Days Lower	82.01%	69.92%	71.97%	61.92%	59.36%	56.17%	48.68%	42.29%

Source: Bloomberg



Recent U.S. Treasury Yield Curve Movement

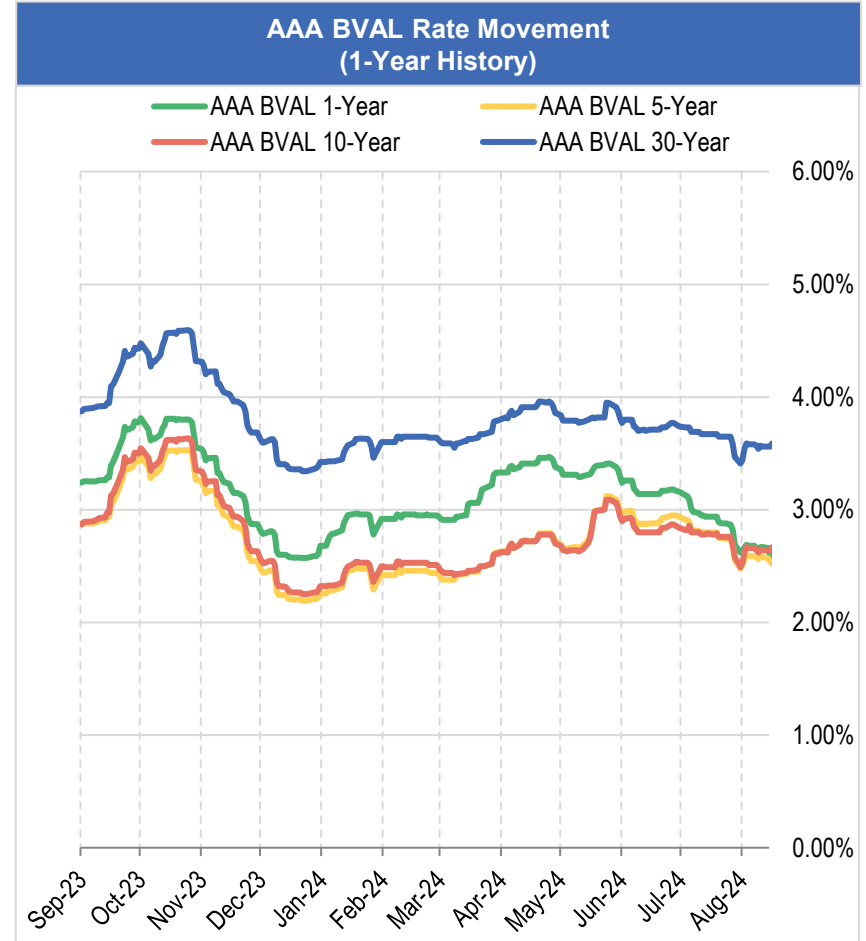
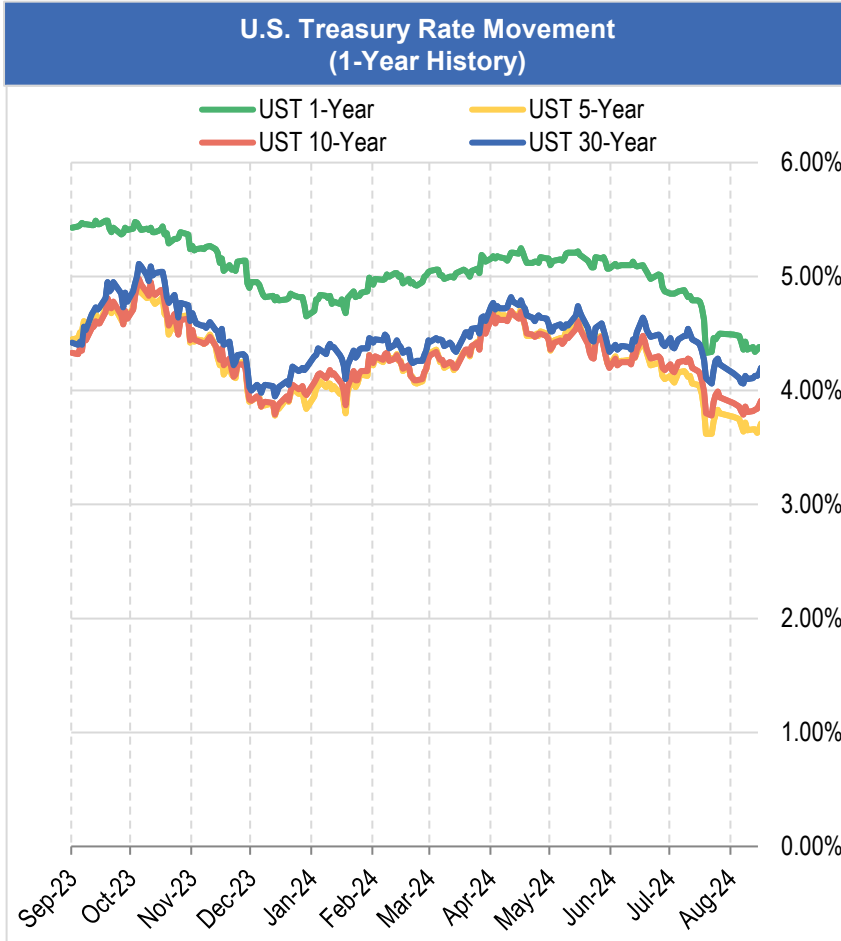


Source: Bloomberg

Page 31 of 72



U.S. Treasury & AAA BVAL Rate Movement

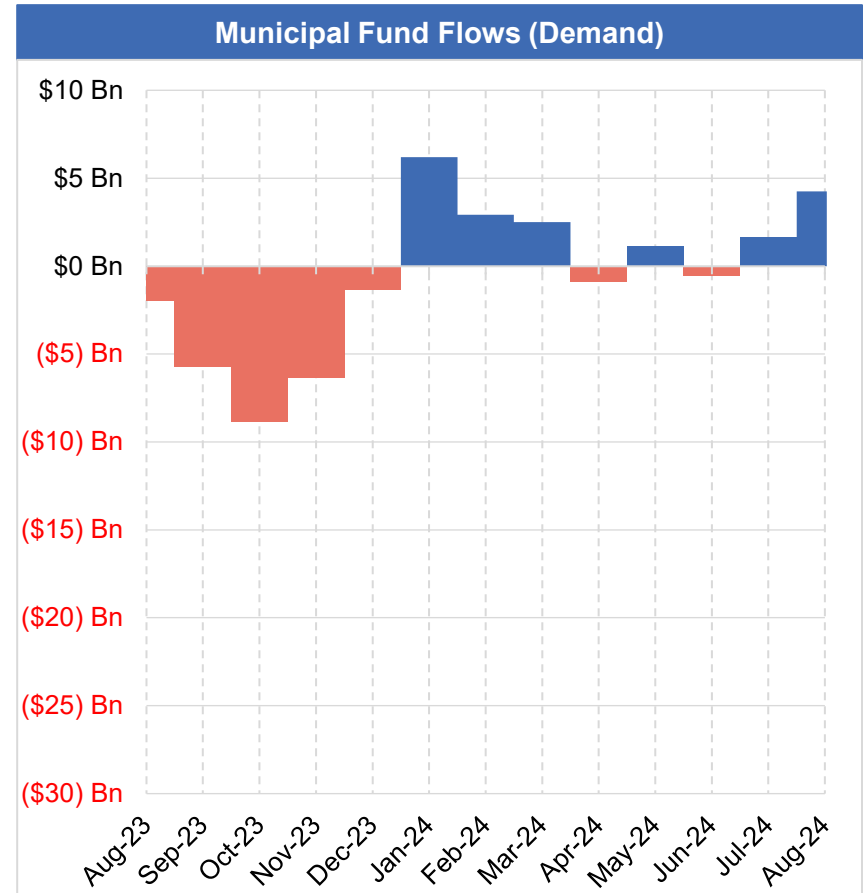
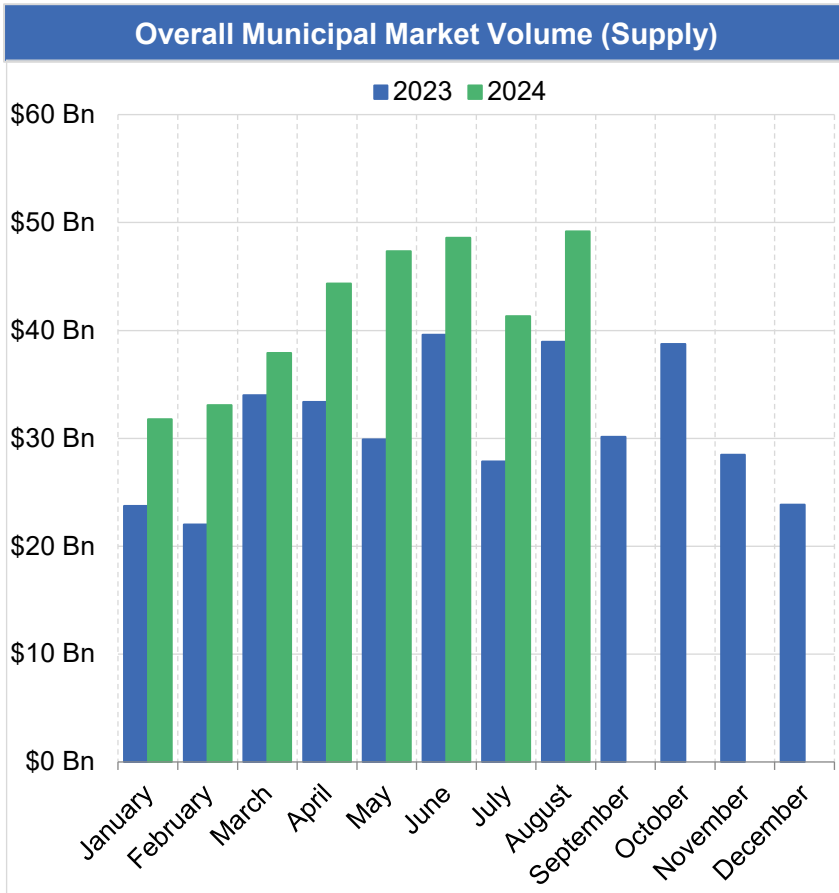


Source: Bloomberg



Municipal Market Supply & Demand

- 2024 new issue municipal bond volume is 35.5% higher than 2023 issuance YTD through August



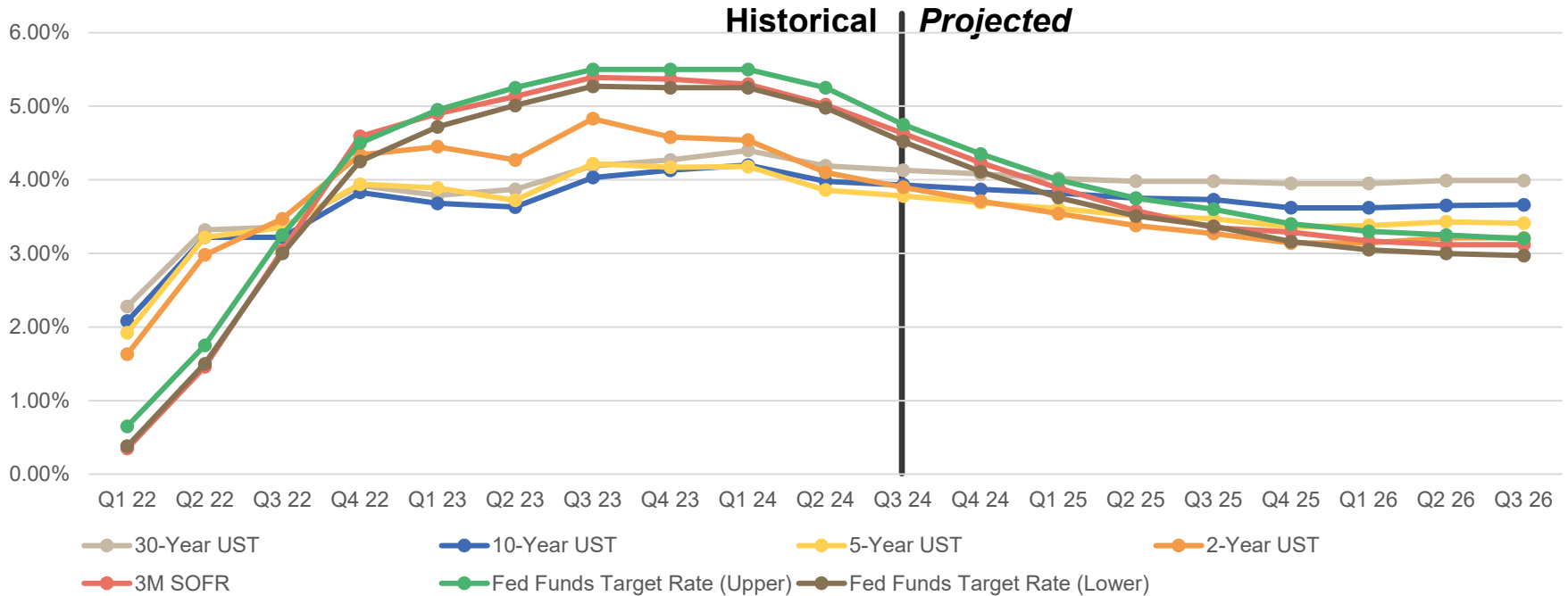
Source: Bond Buyer, Investment Company Institute
Page 33 of 72



Historical and Forecasted Interest Rates

The charts below show consensus forecasts from numerous financial institutions as reported by Bloomberg.

Bloomberg Bond Yield Forecast (As of September 09, 2024)											
Average Forecasts	Current	Q3 24	Q3 24	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26
30-Year UST	4.02%	4.19%	4.13%	4.08%	4.02%	3.98%	3.98%	3.95%	3.95%	3.99%	3.99%
10-Year UST	3.71%	3.98%	3.93%	3.87%	3.82%	3.75%	3.73%	3.62%	3.62%	3.65%	3.66%
5-Year UST	3.50%	3.86%	3.78%	3.69%	3.61%	3.51%	3.47%	3.36%	3.38%	3.43%	3.41%
2-Year UST	3.67%	4.10%	3.90%	3.71%	3.54%	3.38%	3.27%	3.14%	3.14%	3.21%	3.21%
3M SOFR	4.93%	5.02%	4.63%	4.23%	3.89%	3.58%	3.35%	3.29%	3.17%	3.12%	3.12%
Fed Funds Target Rate (Upper)	5.50%	5.25%	4.75%	4.35%	4.00%	3.75%	3.60%	3.40%	3.30%	3.25%	3.20%
Fed Funds Target Rate (Lower)	5.25%	5.25%	4.52%	4.11%	3.76%	3.51%	3.37%	3.16%	3.05%	3.00%	2.97%



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Fort Vancouver Regional Library District Historical Trend

		2019	2020	2021	2022	2023	Notes
Revenues							
	Property Taxes	24,199,335	24,921,862	25,967,516	26,580,717	27,667,990	
	Other Taxes	262,995	293,440	286,680	237,802	292,457	
	Intergovernmental	415,865	696,487	1,052,027	425,545	340,869	Note 1
	Charges for Services	148,161	45,140	52,625	79,200	85,760	
	Miscellaneous	814,682	1,082,149	6,633,909	1,316,548	771,159	Note 2
	Total Revenue	25,841,039	27,039,079	33,992,757	28,639,813	29,158,234	
Operating Expenditures:							
	Personnel Subtotal	15,597,773	15,629,745	15,776,511	16,511,336	17,116,674	
	Supplies	1,233,622	742,356	1,455,403	1,391,295	1,132,875	
	Library Materials	3,938,662	2,625,240	3,307,049	3,112,000	3,265,057	
	Other Charges & Services	3,643,175	3,558,131	4,202,345	4,662,913	4,455,279	
	Total Operating Expenditures:	24,413,232	22,555,472	24,741,308	25,677,544	25,969,885	
Revenues Exceed Operating Expenses:		1,427,807	4,483,607	9,251,449	2,962,268	3,188,349	
Capital Outlay:							
	Buildings / Non-Owned	236,834	974,967	1,441,089	347,378	32,587	Note 3
	Buildings / Owned	668,126	1,353,675	11,790	1,242,454	3,569,063	Note 4
	Operations Center			3,748,430			Note 5
	Ridgefield			1,741,759			
	Woodland (FVRL Reserves)		488,947	5,844	112,404	1,305,217	
	Yale		657,329	475,872	1,192	-	Note 6
	Machinery & Equipment	65,763	120,258	184,522	19,771	50,932	
	Total Capital Expenditures:	970,723	3,595,176	7,609,306	1,723,199	4,957,799	
Remaining Revenues over Expenditures		457,084	888,431	1,642,143	1,239,069	(1,769,449)	Note 7
Note 1) Includes Yale Capital reimbursements							
Note 2) Includes Capital grants (Foundation), Insurance reimbursements, Capital contributions through Friends / Foundation							
Note 3) Includes costs associated with flood recovery							
Note 4) Includes costs associated with operations center remodel							
Note 5) Purchase of property only							
Note 6) 100% reimbursed in above Grants / Contracts revenue line							
Note 7) 2023 is the 1st year we see a reduction of reserves from expenses outpacing revenues							

Fort Vancouver Regional Library District Property Taxes - VS - Operating Expenses 2019-2023

		2019	2020	2021	2022	2023	% Change
Revenues							
	Property Taxes	24,199,335	24,921,862	25,967,516	26,580,717	27,667,990	
	Total Property Tax Revenue	24,199,335	24,921,862	25,967,516	26,580,717	27,667,990	2.75%
Operating Expenditures:							
	Personnel Subtotal	15,597,773	15,629,745	15,776,511	16,511,336	17,116,674	
	Supplies	1,233,622	742,356	1,455,403	1,391,295	1,132,875	
	Library Materials	3,938,662	2,625,240	3,307,049	3,112,000	3,265,057	
	Other Charges & Services	3,643,175	3,558,131	4,202,345	4,662,913	4,455,279	
	Total Operating Expenditures:	24,413,232	22,555,472	24,741,308	25,677,544	25,969,885	3.78%
	Revenues Exceed Operating Expenses:	(213,897)	2,366,390	1,226,208	903,173	1,698,105	-1.0%
% Changes = Averages from 2020-2023							
COVID Impacts:							
-8%							
While Property Taxes remained stable, FVRL services a associated costs were impacted as follows:							
Wages / Benefits: Decreased hours = Decreased wages, Little to no Special Pay (PIC / Sunday / OT), positions unfilled							
2019 realized a wage increase and retro pay, narrowing in gap from 2019 and 2020 wages							
Supplies: 57% of average in 2020							
Library Books / Materials: 77% of average							
Professional Services / Performers: These were not occurring in 2020							
Total operating expense decrease of 8% in 2020 over 2019							
After 2020:							
FVRL has not resored Library Branch hours to pre-covid levels of operation							
2021/2022 Uptick in supply costs and other services / charges while branches established a post covid normal for open branch services							
Expense increases started to outpace revenue increases by an average of 1% (2020-2023)							

**Fort Vancouver Regional Library District
2023 Actual to DRAFT 2025 Budget Impact**

	2023 Actual		2024 Budget (Amended)		2025 Budget DRAFT		Budget Changes
Property Taxes	27,667,990	95%	28,477,788	86%	28,955,776	96%	477,989
Other Taxes	292,457	1%	190,000	1%	210,000	1%	20,000
Intergovernmental, Grants & Contracts	340,869	1%	256,000	1%	271,000	1%	15,000
Charges for Services	85,760	0%	80,000	0%	85,000	0%	5,000
Miscellaneous	771,159	3%	3,947,000	12%	659,950	2%	(3,287,050)
Total Operating Revenue	29,158,234		32,950,788		30,181,726		(2,769,061)
Change %							-8%
Personnel Subtotal:	17,116,674	66%	20,531,197	68%	21,911,229	68%	1,380,032
Supplies & Small Equipmt/Tech Subtotal:	1,132,875	4%	1,258,150	4%	1,780,300	6%	522,150
Library Materials Subtotal:	3,265,057	13%	3,720,000	12%	3,719,500	12%	(500)
Other Charges & Services Subtotal:	4,455,279	17%	4,560,822	15%	4,604,253	14%	43,431
Total Operating Expenditures	25,969,885		30,070,169		32,015,282		1,945,113
Change %			16%		6.47%		6.47%
Capital Outlay:							
Buildings / Non-Owned	32,586.67		70,000		374,000		304,000
Buildings / Owned	3,569,063.05		160,000		1,507,000		1,347,000
Woodland (FVRL Reserves)	-		4,021,932		-		(4,021,932)
Woodland (Grant Reimbursed)	-		2,038,525		-		(2,038,525)
Woodland (Other Reimbursements)	1,305,217.00		971,694		300,000		(671,694)
Yale	-		40,400		20,000		(20,400)
Machinery & Equipment	50,931.85		-		10,000		10,000
Total Capital Outlay:	4,957,798.57		7,302,551		2,211,000		(5,091,551)
Impact on Reserves	(1,769,449)		(4,421,933)		(4,044,556)		

Notes:

This Financial Data transitions from actual (2023) to Budget (2024/2025)

Changes / Impacts to Consider:

- Wage / Benefit Increases = \$3.4 million or 83% of the \$4.1 million increase in 2023 Actual to 2024 Budgeted operating costs
- 2023 Actaul has vacancy impacts from Director and Deputy Director (6+ months)
- 2023 union negotiations not finalized resulting in stipened and increase wages to 2024 (July)
- 2024 budget has estimates for existing vaancies that may go unfilled at FYE
- 2024 Budget recognizes new positions such as Security Manager
- 2023/2024 and 2025 recognize increased levels of retirement and retirement associated payout:
- 2023/2024 and 2025 recognize increased levels PIC, Holiday Option and Sub pay

This Financial Data transitions from 2024 to 2025 Budgets

Changes / Impacts to Consider:

Overall 6.5% increase in operating costs

- Wage / Benefit Increases = \$1.4 million or 71% of the \$1.9 million increase in 2024 to 2025 Budgeted operating costs
- This increase represents standard growth and development increases and routine benefit increases:

Capital:

- Significant decrease over 2024, Woodland associated
- \$2.2 million estimated in 2025 associated with VA deck and various refresh effort:

Fort Vancouver Regional Libraries

2025-2030 OPERATING AND CAPITAL BUDGET FORECAST (INFLATION ADJUSTED)

No Levy Lid Lift

YEAR	PLANNING YEAR CALENDAR YEAR	0 2025	1 2026	2 2027	3 2028	4 2029	5 2030
BEGINNING FUND BALANCE		14,634,364	10,559,808	6,836,622	1,341,737	(6,090,859)	(15,640,648)
TOTAL SOURCES		30,161,726	30,179,929	30,410,602	30,609,005	30,771,851	30,895,585
TOTAL USES		34,236,282	33,903,116	35,905,487	38,041,601	40,321,640	42,756,647
NET INCOME		(4,074,556)	(3,723,187)	(5,494,884)	(7,432,596)	(9,549,789)	(11,861,063)
ENDING FUND BALANCE		10,559,808	6,836,622	1,341,737	(6,090,859)	(15,640,648)	(27,501,711)
RESERVES TEST							
	60 Days of Operating Expenses	5,335,880	5,648,719	5,982,268	6,338,089	6,717,878	7,123,473
	Meets test by	5,223,928	1,187,902	(4,640,531)	(12,428,948)	(22,358,526)	(34,625,184)
	Test Met?	YES	YES	NO	NO	NO	NO
	90 Days of Operating Expenses	8,003,821	8,473,079	8,973,402	9,507,133	10,076,816	10,685,209
	Meets test by	2,555,988	(1,636,457)	(7,631,664)	(15,597,992)	(25,717,465)	(38,186,920)
	Test Met?	YES	NO	NO	NO	NO	NO

Notes:

2025 planning tool base year; 2025 DRAFT Budget has not been vetted / discussed with Board to date. Draft based on known inputs as of 8/31/2024

We are now aware of the operational costs needed for a Levy Lid Lift, which are not represented in these numbers today

This model is not realistic to the extent that it completely ignores any significant facility needs that can not be deferred past 2025 (Example Operations Center Roof)

90 day reserve test not met in 2026 with current revenue / expense trajectory (this will impact our month to month ability to pay vendors / staff timely)

Neither 60 or 90 day reserve test met in 2027 with current revenue / expense trajectory (making it impossible to pay vendors / staff timely)

Impacts w/ out timely Levy Lid Lift:

Staffing:

Inability to sustain market increases of wages / benefits

Potential reduction on force with reduction of services

Services:

Reduction of services through hours

Reduction of services such as programs / new materials

Facilities:

No capital (New / Replacement/ Significant Repairs) after 2025

Minimal levels of in house only maintenance / repairs after 2025

Neglected maintenance and repairs today can create most costly repairs / replacements tomorrow

Fort Vancouver Regional Libraries
2025-2035 OPERATING AND CAPITAL BUDGET FORECAST (INFLATION ADJUSTED) **.50 Levy Lid Lift**

YEAR	PLANNING YEAR CALENDAR YEAR	0 2025	1 2026	2 2027	3 2028	4 2029	5 2030
BEGINNING CASH BALANCE		14,634,364	10,559,808	31,269,235	50,940,915	69,426,062	86,562,804
TOTAL SOURCES		30,161,726	54,601,743	55,565,286	56,513,680	57,444,008	58,353,091
TOTAL USES		34,236,282	33,892,316	35,893,607	38,028,533	40,307,265	42,740,835
NET INCOME		(4,074,556)	20,709,427	19,671,679	18,485,147	17,136,743	15,612,255
ENDING CASH BALANCE		10,559,808	31,269,235	50,940,915	69,426,062	86,562,804	102,175,060
RESERVES TEST							
	60 Days of Operating Expenses	5,335,880	5,648,719	5,982,268	6,338,089	6,717,878	7,123,473
Meets test by		5,223,928	25,620,516	44,958,647	63,087,973	79,844,927	95,051,587
Test Met?		YES	YES	YES	YES	YES	YES
	90 Days of Operating Expenses	8,003,821	8,473,079	8,973,402	9,507,133	10,076,816	10,685,209
Meets test by		2,555,988	22,796,156	41,967,513	59,918,928	76,485,988	91,489,851
Test Met?		YES	YES	YES	YES	YES	YES

Notes:
 2025 planning tool base year; 2025 DRAFT Budget has not been vetted / discussed with Board to date. Draft based on known inputs as of 8/31/2024
 We are now aware of the operational costs needed for a Levy Lid Lift, which are not represented in these numbers today

This model:
 Assumes the full levy rate of \$.50 effective for 2026
 Ignores any significant facility needs that can not be deferred past 2025 (Example Operations Center Roof)
 Doesn't account for expected costs listed in the "Things to Consider" below

- Things to Consider:**
- Wages / Benefits:** Assured market level wage / benefit rates current and sustained (requires initial and continued compensation studies)
 - Strategic Planning Professional Services**
 - Staffing:** Sustained or expanded staffing
 - Increased services:** Programs and Hours
 - 10 Year Capital Facilities Plan Professional Services**
 - Washougal - New Building \$11+ million
 - Other owned building critical infrastructure needs such as 2026 Operations Center Roof
 - Fleet Replacements
 - Technology Needs:**
 - New Phone System
 - Upgrade Server Infrastructure
 - Other upgrades to aging hardware / software
 - New ERP System (Accounting software)
 - New buildings / branches in expanded locations**
 - Operational Sustainability of new branches

Last Levy Lid Lift to \$0.50 in 2010 - Sufficiently sustained FVRL through 2023
 Efforts Accomplished from 2010 to 2023

- Restored and increased service levels from recession, until COVID impacts
- Staffing up and maintained operations of VA
- Staffing up and maintained operations of CP
- New Ridgefield Location
- New Operations Center
- Multiple Branch Refreshes GD - ST - WS - BG - CP (2020) VA Carpet Yacolt 2011
- New Book Mobiles (2)
- Expanded Books by Mail
- Created and implemented structure for virtual programming

FVRLibraries

**Annual Board Retreat
Levy Lid Lift Overview
9/21/24**



Intercounty Rural Library Districts-Tax Levies

RCW 27.12.150

Funds for the establishment and maintenance of the library service of the district shall be provided by the boards of county commissioners of the respective counties by means of an **annual tax levy on the property in the district of not more than fifty cents per thousand dollars of assessed value per year**. The tax levy in the several counties shall be at a uniform rate and shall be based on a budget to be compiled by the board of trustees of the intercounty rural library district who shall determine the uniform tax rate necessary and certify their determination to the respective boards of county commissioners.



Budget-Based Property Tax

Washington State has a budget-based system of property taxation. There are three main components to the property tax:

- Levy amount
- Assessed value (AV)
- Levy rate

As part of the budget process, the taxing jurisdiction establishes the amount of property tax revenue needed to fund the budget. That amount needed to fund the budget is called the levy amount, or simply the levy. It is the total amount to be collected from taxpayers by a taxing district.

By law, this number is expressed in terms of a dollar rate per \$1,000 of valuation. For example, a rate of \$0.00025 is expressed as \$0.25 per \$1,000 of assessed value.

Property Tax Formula: Levy Amount ÷ Assessed Value = Levy Rate



Do all FVRL tax payers pay the same levy rate?

YES!



Source: fvrl.org

How do we calculate our annual levy rate?

Taxes on new construction, changes in value of state-assessed utility property, and newly annexed property are **exempt from the limit factor for taxing districts of any size** and may be added to the tax levy that is requested under the limit factor.

WA Voters approved Initiative 747 in 2001, which limits property tax increases to 1% per year.

$$\begin{array}{r} \text{Prior Year Levy} \\ + \\ \text{1\%} \\ + \\ \text{New Construction} \\ + \\ \text{State Assessed Utilities} \\ = \\ \text{New Levy} \end{array}$$



Levy Rate Limits

The Washington State Constitution limits the annual rate of property taxes that may be imposed on an individual parcel of property to 1% of its true and fair value. Since tax rates are stated in terms of dollars per \$1,000 of value, the 1% limit is the same as \$10 per \$1,000 and is often referred to as the \$10 limit. Taxes imposed under this limit are termed "regular" levies, while those outside the limit are "excess" or "special" levies.



Levies above \$10 limit:

- Excess levies (annual O&M or for repayment of U.T.G.O. bonds)
- Port and PUD levies

Remaining levy capacity available for:

- EMS levies
- Affordable housing levies
- County criminal justice, conservation futures, ferry, and transit levies
- Regional transit authority levies
- Protected portions of metropolitan park district, fire district, regional fire authority, and flood control zone district levies

\$5.90 limit—includes:

- City regular levy
- County current expense and road levies
- Cultural access program levies
- Most metropolitan park district levies
- Most special purpose district levies except ports and PUDs



Levy Rate Limits

There are two limits:

1. 1% Constitutional Limit
2. \$5.90 limit on local districts

If either of those limits are exceeded, then the junior taxing district levies involved must be reduced through prorationing.

Which levies are lowered in prorationing, by how much and in what order, depends upon whether the \$5.90 limit or the 1% limit has been exceeded.



Definitions

What is a Levy Lid Lift?

A taxing jurisdiction that is collecting less than its maximum statutory levy rate may ask a simple majority of voters to “lift” the total levy amount collected from current assessed valuation by more than 1%. The new levy rate cannot exceed the maximum statutory rate.

There are two types of levy lid lifts: single year lifts (sometimes known as “one year,” “one bump,” “basic,” or “original” lifts) and multi year lifts.

All levy lid lifts require a simple majority (50% plus one) for passage.

Source: MRSC.org



Definitions

Single Year Levy Lid Lifts

The single year (“one-bump”) lid lift is the original version created by Initiative 747 in 2001. It allows your jurisdiction to increase the maximum levy by more than one percent *one year only*. That amount is then used as a base to calculate all subsequent 1% levy limitations for the duration of the levy.

Single-year lid lifts may be used for any lawful governmental purpose, including general government operations, and there are no supplanting limitations.

Single-year levy lid lifts can be temporary or permanent.



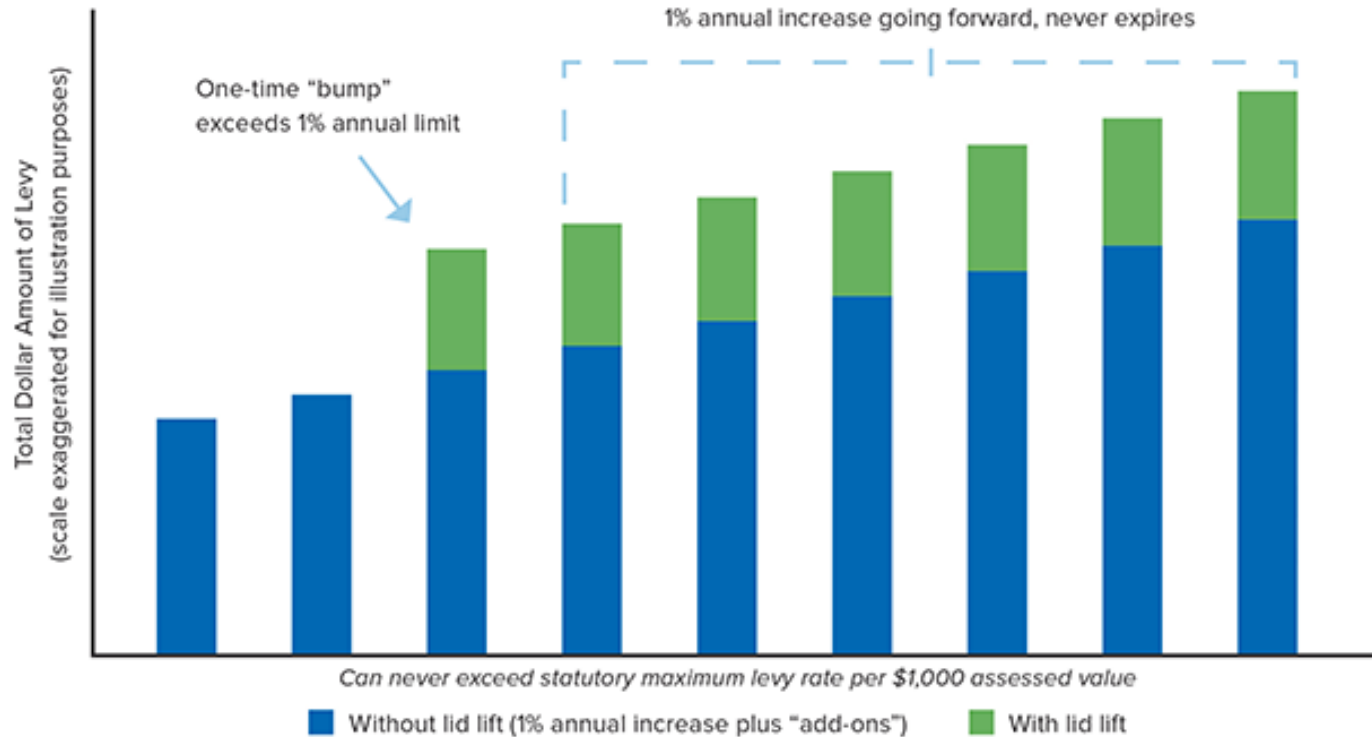
Definitions

Permanent Single Year Lid Lifts

With a permanent single year lid lift, the levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all future 101% levy limitations. The measure never expires and the levy lid never reverts. However, future annual increases may not exceed 1% without going to the voters for another lid lift.



SINGLE-YEAR PERMANENT LEVY LID LIFT



Definitions

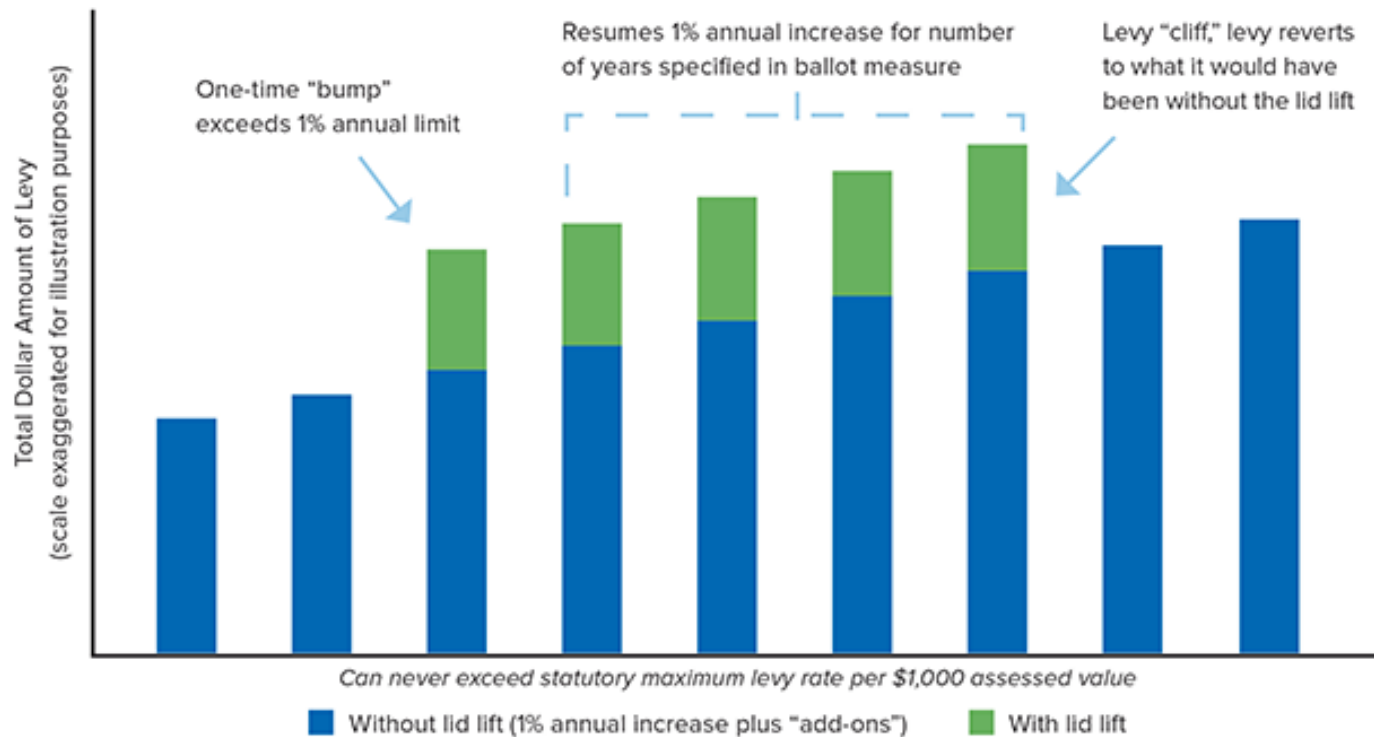
Temporary Single Year Lid Lifts

With a temporary single year lid lift, the levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all subsequent 1% levy limitations until the measure expires.

When the lid lift expires, the levy lid reverts to what *would have been* the levy lid lift never existed and the jurisdiction had increased its levy by the maximum allowable amount each year in the meantime.



SINGLE-YEAR TEMPORARY LEVY LID LIFT



Definitions

Multi-Year Levy Lid Lifts

The state legislature added the “multi-year” levy lid lift option in 2003. Unlike the single-year (“one-bump”) levy lid lift, which bumps up once and is then used to calculate the 1% limitation for the remainder of the levy, a multi-year levy lid lift authorizes a jurisdiction to bump up or exceed the 1% limitation **each year for up to six consecutive years**

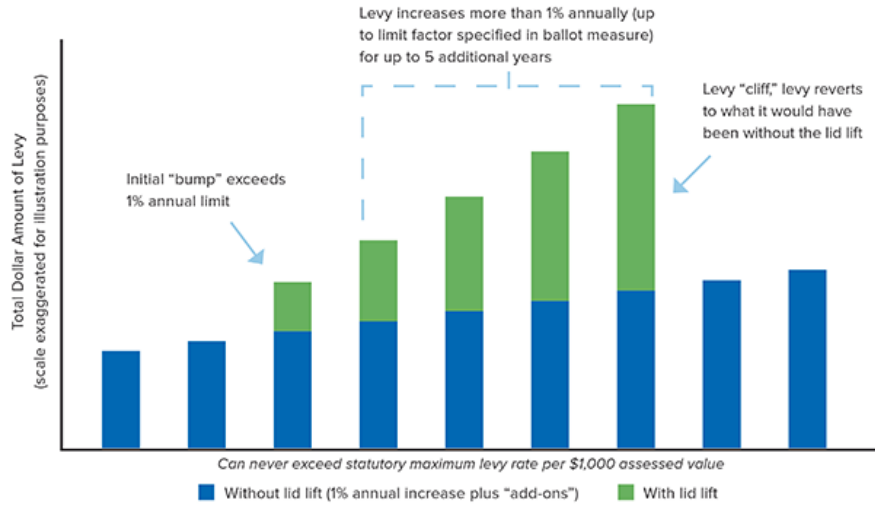
Most jurisdictions use the full six-year timeframe. The levy dollar amount in the sixth year is then used to calculate the 10 1% levy limit in future years until the levy lid lift expires (unless it is made permanent).

A multi-year levy lid lift may be used for any purpose, but the ballot must state the limited purposes for which the increased levy will be used (unlike a single-year lid lift, where there is no requirement to state the purpose).

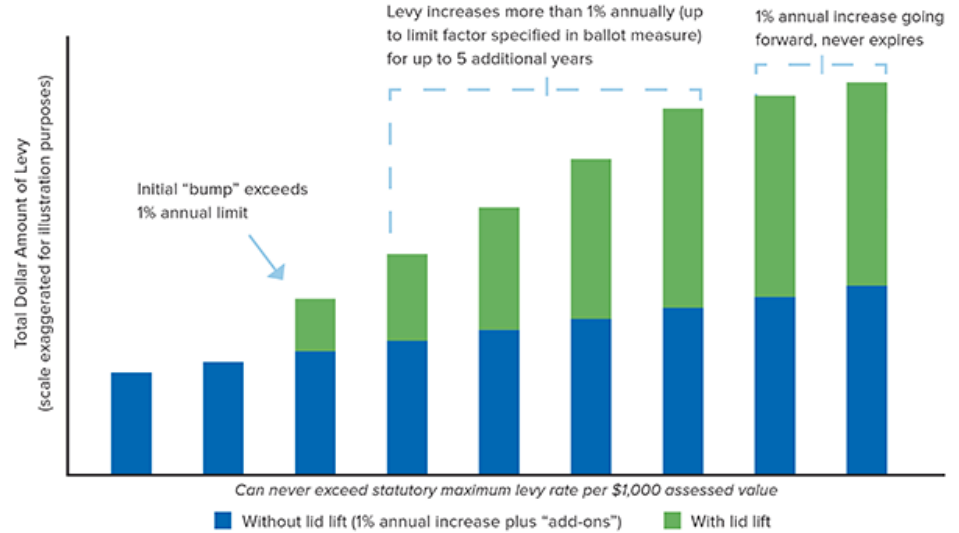
Multi-year lid lifts may be temporary (up to six years) or permanent. Multi-year lid lifts may also be used for debt service for up to nine years, in which case they may fall somewhere in between “temporary” and “permanent.”



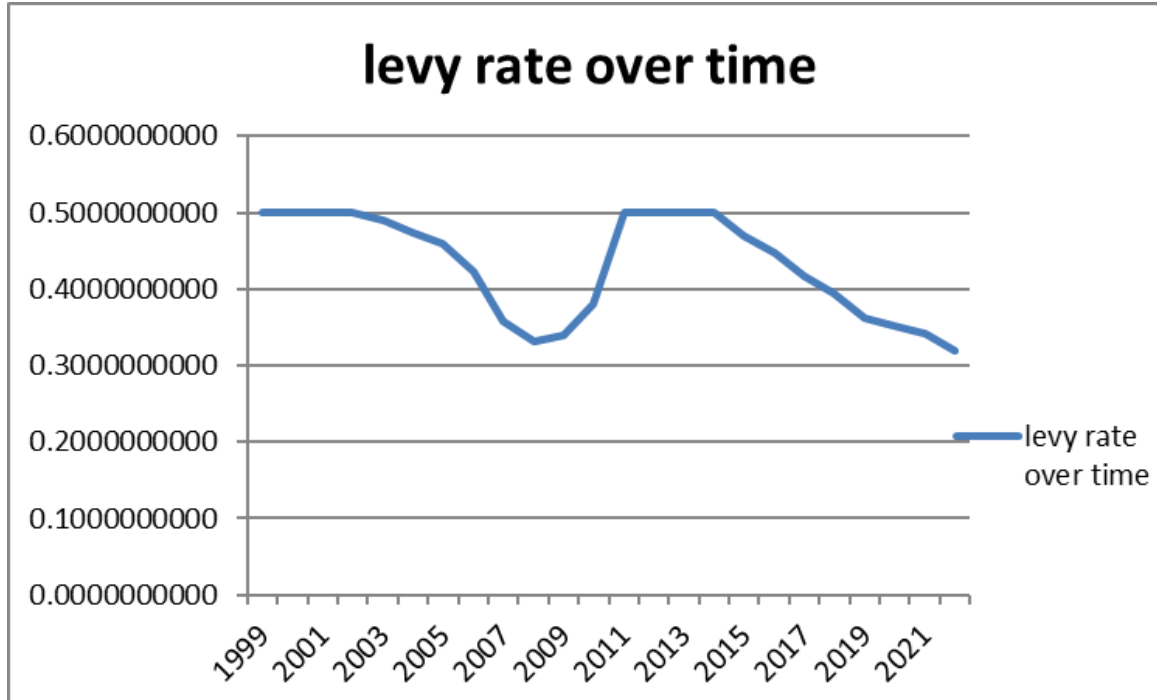
MULTI-YEAR TEMPORARY LEVY LID LIFT



MULTI-YEAR PERMANENT LEVY LID LIFT



Last Levy Lid Lift (\$0.50/\$1,000 TAV) on 8/17/2010
2024 rate is \$0.27/\$1,000 TAV



Per RCW 27.12 Max allowed rate \$0.50/\$1,000 TAV



Levy Rate History

Year	Rate	Year	Rate
2010	0.38	2018	0.4935
2011	0.5000	2019	0.3635
2012	0.5000	2020	0.3527
2013	0.5000	2021	0.3427
2014	0.4900	2022	0.3185
2015	0.4690	2023	0.2794
2016	0.4479	2024	0.2677
2017	0.4172		



August 17, 2010 - Last Levy Lid Lift

Voted increase from \$0.38 to \$0.50/\$1000

Ballot Language:

The Fort Vancouver Regional Library District Board of Trustees adopted resolution 2010-5 concerning a proposition to authorize its regular property tax levy. This proposition would authorize the District to restore its regular property tax levy to the allowable rate of \$0.50 per \$1,000 of assessed value for collection in 2011 to provide for continued funding for the Fort Vancouver Regional Library District's normal operation and maintenance. Thereafter, such levy amount would be used for the purpose of computing limitations for subsequent levies as allowed by RCW 84.55. Should this proposition be:

_____Approved?

_____Rejected?



August 17, 2010 - Last Levy Lid Lift

Voted increase from \$0.38 to \$0.50/\$1000

	Yes	No	Total	% Yes
Clark	38,738	39,845	78,583	49.3
Klickitat	3,430	1,954	5,384	63.71
Skamania	1,535	1,371	2,906	52.82
Cowlitz (City of Woodland)	361	399	760	47.5
Total	44,064	43,569	87,633	50.28242

Note: Prior to 2010, FVRL had not asked for a Levy Lid Lift since 1993.



Assessment versus Levy Rate

- Once the revenue amount is determined, then it is divided by the assessed value to determine the levy rate
- Levy rate cannot exceed \$0.50
- When the assessed valuation increases, the levy rate is reduced to collect the calculated revenue amount
- When assessed valuation decreases, the levy rate is increased to collect the calculated levy amount

Determining the annual levy rate

$$\frac{\text{Highest Lawful Levy Limit (HLL)}}{\text{Total Assessed Value (TAV)}} = \text{Levy Rate (plus factors)}$$

2023 illustration

County	Proportional Levy Amount	\	(Taxable AV	\	1000)	=	Levy Rate
Clark	25,197,831.11	\	90,293,622,844	\	1000	=	0.2790654568
Cowlitz	312,088.81	\	1,118,335,492	\	1000	=	0.2790654568
Klickitat	1,307,608.98	\	4,685,671,212	\	1000	=	0.2790654568
Skamania	688,107.64	\	2,465,757,142	\	1000	=	0.2790654568
Total	27,505,636.54	\	98,563,386,690	\	1000	=	0.2790654568

2021 Library tax on a \$400,000 home = \$137.10 (.3427465249)

2022 Library tax on a \$400,000 home = \$127.42 (.3185478785)

2023 Library tax on a \$400,000 home = \$111.63 (.2790654568)

2024 Library tax on a \$400,000 home = \$108.00 (.2700000000)



Median Home Value - August 2024

Clark County	Skamania County	Klickitat County	City of Woodland
\$550,000	\$565,000	\$477,000	\$578,820

Tax Increment Financing (TIF)

Tax increment financing (TIF) is a financing tool that local governments in Washington State – defined as cities, towns, counties, port districts, or any combination thereof – can use to fund public infrastructure in targeted areas to encourage private development and investment ([chapter 39.114 RCW](#)).

FVRL is a Jr. Taxing District with no option to opt in/out – growth taxes automatically get captured by TIF areas for up-to 25 years.

Current TIF Areas in FVRL District:

- Port of Vancouver
- Port of Ridgefield
- City of Ridgefield

Impact estimated loss of \$10.8 million over 25 years

- City of Woodland (newly proposed)
- ?? more to come



Election Dates

Single-year lid lifts may be submitted to the voters at any special, primary, or general election.

Multi-year lid lifts are limited to the primary or general election.

Election dates determine when the first tax receipts are received. Levy lid lifts must be submitted no more than 12 months before the levy is made (the date your budget is certified). This means to receive increased tax revenues next year, the election can be no later than November of the current year.



Voter Turnout History

- Voter turnout is the highest during the November elections when the President is on the ballot - ~80% or higher
- Voter turnout fluctuates for the February and August elections depending on what is on the ballot, and which county – between 20-50%
- Currently, there are over 363,000 registered voters in the FVRL District.

See Voter Turnout by Election Date and County handout for details

Election Dates

Election	Deadline to File Resolution
February 11, 2025 Special	Friday, December 13, 2024
August 5, 2025 Primary	Friday, May 2, 2025
November 4, 2025 General	Tuesday, August 5, 2025
February 10, 2026 Special	Friday, December 12, 2025
August 4, 2026 General	Friday, May 1, 2026
November 3, 2026	Tuesday, August 4, 2026



Election Costs

Counties pass election costs along to participating jurisdictions based on the number of participating jurisdictions, the number of voters in each participating jurisdiction, and the number of races or ballot measures each participating jurisdiction has on the ballot.

The Board of Trustees has exclusive control of expenditure for library purposes (RCW 27.12.240). A Ballot Measure (Levy Lid Lift) can be paid from library operating funds as it is an expenditure for a “library purpose”.

Estimated Costs change depending on the election type (special, primary, general). Also, generally the more ballot measures there are, the lower the cost of the election per measure.

Clark County - Approx \$250,000 (general)

Cowlitz County (City of Woodland) - Approx. \$3,500 (general)

Klickitat County - Approx. \$20,000 (general)

Skamania County - Approx. \$3,000 (general)

Estimated FVRL Election Costs \$ 280,000 (general election November) [special election could be approx \$600,000]



Getting Levy Lid Lift on a Ballot

- A signed resolution directing the count auditor to place the item on the ballot and specifying the substantial form of the ballot title that voters will see on the ballot.
- An explanatory state that will appear in the voters' pamphlet.
- A list of individuals who will serve on the “pro” and “con” committees to prepare statements for and against the measure for the use in the voters' pamphlet.
- Any other forms or information prescribed by each county auditor's office, such as a cover sheet.



Use of Public Facilities in Election Campaigns

State law ([RCW 42.17A.555](#)) prohibits the use of facilities of a public office to support or oppose a ballot measure or an election campaign for public office. These rules apply to all units of local government and their officials and employees, including counties, cities, towns, transit districts, port districts and other special districts.

The general prohibition against use of public facilities is broad and comprehensive. The term "public facilities" is defined to include use of stationery, postage, equipment, use of employees during working hours, vehicles, office space, publications of the office, or lists of persons served by the local government.

A local government can prepare an objective and neutral presentation of facts concerning a ballot measure. For example, details could be provided to citizens concerning the financial impact of an initiative on the local government, such as how revenues would be affected by its passage. Care must be taken that this information be presented in a fair, objective manner.

Many local governments also allow use of their meeting room facilities on a nondiscriminatory, equal access basis to the public. If this is the case, then it would be allowable to hold a public forum for citizens with pro and con representatives discussing a ballot measure in a public meeting.

Thank you!

Questions?





Trustee Ethics and Responsibilities Policy

PURPOSE

The Board of Trustees of the Fort Vancouver Regional Library District (FVRL) is responsible for providing and maintaining quality public library services for the citizens of the regional library district as set forth in [RCW 27.12](#) and any other applicable laws. To set direction, monitor and review library performance, and to fulfill the obligations of the public trust, the Board:

TRUSTEE ETHICS

- As a member of the Fort Vancouver Regional Library District Board of Trustees, I will support the mission of a public library in a free society. Trustees must:
- Work to ensure that the public has equal access to information, both as a Constitutional Right and as the best way to sustain a democratic way of life.
- Be prepared to support the efforts of library staff in resisting censorship.
- Support the acquisition and maintenance of a complete and balanced library collection.
- Keep confidential any matters discussed in executive session.
- Support District efforts to meet the library and information needs of all patrons.
- Maintain independent judgment without regard to personal benefit, special interests, or influence of partisan political groups.
- Protect the privacy of library users.
- Keep all library policies free of discrimination.
- Follow legal and ethical practices in making decisions.
- Recognize that authority rests with the whole Board assembled in public meetings, and make no personal statements or promises on behalf of the Board, nor take any private action, which may compromise the Board or the District.
- Respect the actions taken by a majority of the Board and clearly differentiate personal opinions from Board decisions.
- Avoid situations in which personal interests might be served or financial benefits gained at the expense of library users, colleagues, or the institution, and disqualify themselves immediately whenever the appearance of a conflict of interest exists.

TRUSTEE RESPONSIBILITIES

- Select, hire, and evaluate a competent and qualified Executive Director.

- Conduct work at the policy and planning level, by reviewing and adopting policies as necessary for the efficient and effective operation of the District and provision of quality library service.
- Adopt mission and goal statements that form the framework for all library operations and long-range planning for FVRL.
- Understand and accept that implementation of Board actions is the responsibility of the Executive Director.
- Understand the financial needs of the District.
- Fulfill mandated fiduciary responsibilities by adopting and monitoring the District's annual budget and monthly expenditures as required by state law.
- Does not transfer or delegate its authority to set or enforce District policies to any other agency.
- Execute responsibilities as defined in adopted policies.
- Listen to the concerns of the public, refer complaints to the Executive Director, and act on such complaints at a public meeting only after they have been reviewed by the Board and the Executive Director.
- Monitor and evaluate districtwide library planning to ensure that such planning considers, but is not limited to:
 - Significant changes in the service area
 - Technological advances within the field
 - Significant developments in library service within the state, region, and nation
 - Development of other services within the regional library district
 - Planning efforts of other organizations within the district
 - Legislative issues
 - Financial conditions
 - Growth projections
 - Facilities development
 - Principles of efficient and effective provision of quality library service

TRUSTEE COMMITMENTS

- Attend Board meetings regularly, or if attendance is impossible, notify the Executive Director or Board Chair in advance.
- Read the distributed materials before each meeting.
- Participate constructively in the decision-making process.
- Speak on behalf of the Board when appropriate.
- Keep abreast of important developments in library trends and practices.
- Participate in Board development activities.
- Become familiar with national, state, and local laws and with rules and regulations regarding libraries.
- Support and promote the libraries of the Fort Vancouver Regional Library District as an indispensable part of a livable community.