



Declaration of Cooperation: Sherman County Public / School Library Project

October 2007

Sponsored by:
Sherman County Public / School Library Board
Oregon Housing & Community Services Department

Preface:

In response to a request from Lowell Smith, chair of the Sherman County Public/School Library Board, Governor Ted Kulongoski designated the Sherman County Library Project for assistance from the office of Oregon Solutions. At the time that Oregon Solutions entered the picture, the Library Board had culminated several years of work by applying for and getting an \$80,000 Small Community Incentive Fund grant through the Oregon Housing and Community Services Department. The grant was intended to help fund preparation of bid-ready construction documents. A subsequent OHCS grant of \$15,000 funded involvement of Oregon Solutions.

Even so, bid-ready documents mean little without resources to fulfill the picture. The Library Board operates in an advisory capacity only. The Sherman County Court formed the Library Board in the mid-1990s to work cooperatively with the Sherman County School District and its board in creating and operating a joint public and school library. A grant of more than \$180,000 from the State Library advanced that effort.

Because of its limited financial capacity, and to help it realize the dream of a stand-alone Library building, the Library Board agreed that engaging a broad coalition of interested community stakeholders would help it define resources inside and outside the community. Aletha Bonebrake, outgoing director of the Baker County Library System, was enlisted to serve as convener of the Oregon Solutions Team, with staff assistance from Stu Watson of Watsonx2, a Hood River communications consulting firm. The team met three times during the summer of 2007 to complete provisions of this document.

Background:

With a grant from the State Library, Sherman County in 1996 became the last county in Oregon to develop a public library. For the last decade, the public library and its patrons have shared space with the library collection and students of Sherman Junior Senior High School in the county seat of Moro. It's a crowded space (less than 2,000 square feet), with limited seating, no rooms for private meetings or study, and limited computer access.

Realizing that this conjoined situation was less than optimal, the Sherman County Public / School Library Board embarked five years ago on a campaign to design, fund and build a new library satellite to the existing school buildings, on school property. Students and the public each could independently access such a facility.

In 2002, the Sherman County Public / School Library Board engaged Portland architect Fred C. Gast Jr. to help it prepare a schematic design for a new library facility. The site chosen for the library was at the northeast corner of the existing high school building. This structure was originally designed at 6,580 square feet. Since then, design modifications have pushed the size of the planned library to slightly over 7,000 square feet. The square footage is the result of incorporating optimal desires of the school and public library boards for an ideal library to meet multiple use expectations.

Cost to develop the library was originally estimated at just under \$1 million. Delays in securing funding, combined with rapid escalation of costs for concrete, steel and labor, have pushed estimated costs in August 2007 to around \$2.2 million. This number, prepared by architect Gast and construction project manager Milt Ketchum, reflects an estimated inflation of 8.55 percent from 2007 to 2008, which is now the year of intended construction.

As soon as plans are approved and the Library Board agrees that all elements are ready to proceed, it will direct its architect to submit site plans to the Sherman County Planning Commission. The Planning Commission must review the proposal and issue a conditional use permit that would allow construction of the library on school property (a permitted use).

Gast estimates that contract documents will be ready November or December of 2007, in support of the Library Board’s desire to seek bids in January or February of 2008, with construction to begin as soon as possible, coordinated with continued operation of on-site education operations.

Project Description:

At its original meeting in May 2007, the Sherman County Library Oregon Solutions Team identified a secure funding package as the principal barrier to completion of the project. The Library is funded in part by the school district, and in part by annual appropriations from the Sherman County General Fund budgeting process. Neither agency, with its authority, has considered placing a bond before the voters for construction. No taxing district has been proposed to Sherman County voters to ensure long-term support of library services. The Library Board, as an advisory board only, has no ability to seek voter approval of construction bonds. In lieu of those traditional public funding mechanisms, other funding was necessary.

Toward that end, the Library Board had engaged the services of grant writer Paul Lindberg. Through August 2007, it had secured funding from the following sources:

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|----------------|---|------------------|
| Sept. 25, 2006 | Autzen Foundation | \$5,000 |
| Nov. 14, 2006 | the Oregon Community Foundation | \$25,000 |
| Dec. 14, 2006 | Wichita Falls Area Community Foundation | \$6,800 |
| Dec. 22, 2006 | Rose E. Tucker Charitable Trust | \$10,000 |
| Dec. 27, 2006 | Oregon Housing and Community Services | \$80,000 |
| Feb. 1, 2007 | Sherman Development League | \$75,000 |
| TOTAL | | \$201,800 |

Of that total, the grant of \$80,000 from the Oregon Housing and Community Services is dedicated to preparation of “bid ready” construction plans.

Efforts to generate local support have also included:

- \$24,050 - "Naming Opportunities" fund-raising project
- \$14,486 – Capital direct mail campaign
- \$1,250.00 - Library Quilt, with donations buying rights to name a “book” spine on the quilt.

Combined funds from those efforts total \$39,786 as of the end of August 2007.

As a result of the Oregon Solutions process, the Library Board has recognized the need for a significant increase in local support and plans to conduct a major gifts fund-raising campaign directed at residents of Sherman County. The Library Board has set a target of \$100,000 by the end of March 2008.

Through the efforts of the Sherman County Court, which is negotiating tax-relief economic development contracts with three major wind projects near the town of Wasco, the Library Board has secured the promise of a contribution of \$1 million from Portland General Electric, disbursed in equal allotments over five years.

With that commitment, and the expectation of other local gifts and pledges for matching funds, the Board plans to request significant support from major foundations such as the Ford Family Foundation, Meyer Memorial Trust, Paul Allen Foundation, The Collins Foundation, Bill and Melinda Gates Foundation and Oregon Community Foundation, for a total of \$750,000 in major foundation support. Receipt of any foundation grants and funding commitments, however, is not expected until the spring or summer of 2008.

To ensure start of construction at or before the end of school in the spring of 2008, the Oregon Solutions Team entered discussions with the Bank of Eastern Oregon about a short-term, low-interest municipal loan. The Bank determined through bond counsel that Sherman County would need to become the official borrower in order for the loan to qualify as tax-free municipal bond support. Through the Oregon Solutions process, the Sherman County Court agreed to assume that role at such time that the Library Board has secured sufficient local and foundation support to ensure repayment of a loan and begin construction.

The Library Board agreed in early September 2007 to discuss alternatives and modifications to meet project budgets.

To keep Oregon Solutions Team members informed of progress, to address new or ongoing questions, to facilitate engagement of key funding partners, the Oregon Solutions convenor and project manager agree to meet with the team at or around the end of 2007 or beginning of 2008, and again in the spring of 2008.

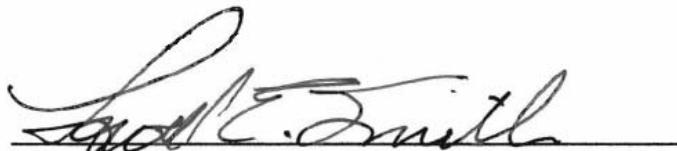
Oregon Solutions Sherman County Library Project: Commitments

As a community-based process encouraging collaborative effort by all parties, Oregon Solutions invites Project Team members to “commit” their time and resources to achieving the goal of a new, public and school library. The following commitments have been identified through the Oregon Solutions process, and all signatories agree that they are key to the success of the project.

Sherman County Public / School Library Board

As proponent and developer of a new Sherman Public School Library, the Library Board agrees to ...

- Support grant writer Paul Lindberg in his efforts to seek and secure foundation grant support for the project, with major foundation applications and responses completed by the spring of 2008.
- Organize and conduct a countywide major gifts fund-raising campaign, to engage business, growers and landowners in raising a significant local match to known and anticipated gifts and grants. Target fund-raising goal is \$100,000, with campaign to conclude by March 30, 2008, in order to support foundation requests, and repayment of intended construction loan.
- Work with the architect and project manager to explore construction alternatives.
- Work with the Sherman County Court to initiate low-interest bank financing to cover construction costs, and to repay that loan with funds raised and disbursed through the Sherman Development League.
- Transfer the completed facility to the school district.



LOWELL SMITH, Chair, Sherman County Public / School Library Board

Oct. 10, 2007

Oregon Housing & Community Services Department

To support Phase 2 efforts of the Sherman County Library Project, the OHCS commits ...

- \$80,000 in grant funds to support preparation of “bid-ready” construction plans
- \$15,000 in grant funds to support involvement of Oregon Solutions



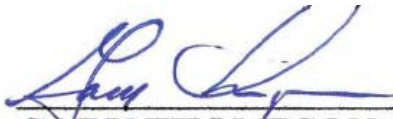
VICTOR MERCED, Director

Oct. 9, 2007

Sherman County Court

Based on opinion of bond counsel Doug Goe of Orrick, Harrington and Sutcliffe -- -- that Sherman County must be the borrower of any loan for the Library Project to qualify for tax-free municipal bond support, and a reduced interest rate -- the Sherman County Court agrees ...

- to assume responsibility for repayment of a short-term, low interest loan issued by the Bank of Eastern Oregon. This agreement does not obligate the Library Board to request a loan from the Bank of Eastern Oregon. At such time that the Library Board initiates a loan request, and the Bank and Sherman County enter into a loan agreement, funds for repayment of the loan would be the responsibility of the Library Board. All funds for repayment of the loan would be forwarded to Sherman County from the Library Board's fiscal agent, the Sherman Development League.
- to support the efforts of the Sherman County Public / School Library Board in developing and conducting a local major gifts fund-raising effort.
- to support the Sherman County Public / School Library Board in efforts to secure major foundation grant support.
- to work with the Sherman County Public / School Library Board to complete and approve a funding plan for the Library Project, before solicitation of construction bids or awarding of contracts.



GARY THOMPSON, Sherman County Judge

Oct. 10, 2007



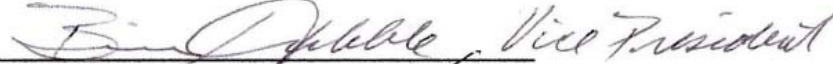
SHERRY KASEBERG, Commissioner



STEVE BURNET, Commissioner

Bank of Eastern Oregon

To facilitate construction of a new Sherman County Library, the Bank of Eastern Oregon, through its agents George Koffler, CEO, and Bill Hubble, loan officer, agrees to initiate a short-term low-interest loan to Sherman County. Annual payments, due dates and term of the loan would be determined at such future date as the Library Board initiates the request, and the Sherman County Court concurs with terms advanced by the Bank.


for Bill Hubble, Vice President Oct. 10, 2007
GEORGE KOFFLER, CEO, Bank of Eastern Oregon

Sherman County School District

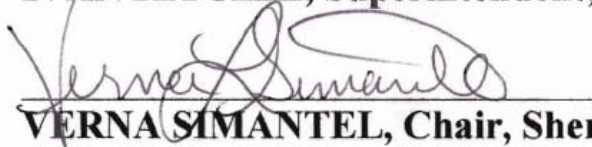
In partnership with the Sherman County Public / School Library Board and in support of the Library Project, the School District agrees ...

- to lease school property for \$1 a year to the Library Board for construction of a new shared library building.
- at completion of the structure, to accept ownership and operational responsibility for the Library facility from the Library Board.
- to work with Library Project architect Fred Gast to explore application for grants and additional funding from Sherman County for possible installation of photovoltaic panels on the roof of the new building, which would generate a substantial portion of the electrical power needs through net-metering. Wasco Electric Co-op has ensured the School District that such an arrangement is acceptable.



IVAN RITCHIE, Superintendent, Sherman County Schools

Oct. 10, 2007

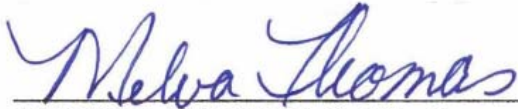


VERNA SIMANTEL, Chair, Sherman County School Board

Oct. 10, 2007

Sherman Development League

By agreement with the Sherman County Library Board, the nonprofit 501(c)(3) Sherman Development League agrees to serve as fiscal agent for the Library Project. In such capacity, it will receive all gift and grant funds, and disburse funds for repayment of construction contractors, architect, project manager, other vendors of furnishings and fixtures, and Sherman County for repayment of any incurred project debt.



MELVA THOMAS, Chair

Oct. 10, 2007

Oregon Governor's Economic Revitalization Team

As liaison between the Office of the Governor and local government, the Economic Revitalization Team (ERT) will help as appropriate to coordinate, leverage and streamline involvement by ERT state agencies that may be identified during final stages of the development of the Sherman County Library Project. The ERT, through its support of the above mentioned Oregon Housing and Community Services grant, supports the Library project as a vital contribution to the Sherman County community and its importance to the local and state economy.




RAY NAUFF, Director, Economic Revitalization Team

November 27, 2007

Oregon Economic & Community Development Department

With legislative authority to administer the Strategic Investment Program, the OECDD and its ruling body, the Economic Development Commission, support efforts of local entities such as Sherman County to negotiate agreements with business that will spur investment and create jobs in rural Oregon. The OECDD ...

- supports agreement between Sherman County and Portland General Electric toward a contribution by PGE of \$1 million under the additional obligations provisions of the SIP rules, toward the Library Project.
- encourages and supports local fund-raising efforts and construction of the Library as a critical cog to providing educational resources to students and citizens of the county, which supports the goal of a trained and capable work force for Oregon's economy.



January 27, 2008

CAROLYN SANCO, Regional Business Development Officer