TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: LIBRARY
DATE: JANUARY 10, 2011 CMR: 102:11
REPORT TYPE: CONSENT

SUBJECT: Authorization to Continue Participation in and Funding for the LINK+ Resource Sharing Library Consortium for a Period of Two Years for a Total Amount Not to Exceed $200,000, with the Friends of the Palo Alto Library (FOPAL) Contributing up to $100,000

RECOMMENDATIONS
Staff recommends that Council authorize the City Manager or his designee to continue participation in and funding for the LINK+ resource sharing library consortium for a period of two years totaling up to $200,000, with FOPAL contributing up to $100,000 of the total amount, in order to allow customers of the Palo Alto City Library (Library) to continue to borrow books from other LINK+ member libraries.

BACKGROUND
LINK+ is a consortium of academic and public libraries in California and Nevada that maintains a unified catalog of the holding of the member libraries for the purpose of facilitating borrowing across the system. In contrast to traditional interlibrary loan service, library users who have access to LINK+ initiate their own requests through the online catalog, and the books are delivered via a contracted courier to the customers’ local libraries within a few days. LINK+ borrowers have access to over 18,000,000 volumes owned by consortium members. There is no charge to an individual to request or borrow a book through the LINK+ system.

A significant portion of the cost of LINK+ service is associated with the loan of books to other libraries in the consortium. Member libraries must commit to provide adequate staffing to meet the system’s goal of a 24-hour turnaround to fill loans. The Library is also responsible for contracted courier service charges to deliver books to other member libraries, and incurs additional expenses for special software and a server needed to manage the transactions between LINK+ and the Library’s own circulation system.

In 2008, the City approved CMR:166:08, which allowed the Library to join the LINK+ consortium and embark upon a two-year pilot project to test the service and assess its benefits
and costs. The Board of the Friends of the Palo Alto Library (FOPAL) committed $110,000 to partner with the City in funding the cost of the pilot project, and at a recent board meeting, FOPAL approved a continuation of the partnership with the City and agreed to fund LINK+ for $100,000 for another two year period. The pilot project will conclude March 31, 2011 when the Library’s subscription will become due for renewal. Based upon an analysis of costs and feedback from LINK+ users and supporting organizations, the Library recommends that the service be renewed.

DISCUSSION

In order to develop a realistic estimate of annual costs and perform a cost/benefit analysis, staff studied LINK+ activity for a 12-month period. There are two areas of costs associated with participation in LINK+. Major service costs (membership and subscription fees, hardware support, training and record profiling) are paid directly to Innovative Interfaces, the parent company of LINK+, by FOPAL. Other service costs (delivery fees and supplies) are paid by the City. Annual service costs for the trial program for combined FOPAL and City costs were projected at $76,000. Actual costs were $69,700. Going forward, service costs will drop further with the elimination of one-time start-up expenditures. Staff anticipates service costs for the coming year to be approximately $65,000.

The second cost area is staffing costs, which include supervision, technical support, and shipping and receiving operations at the City. These costs were originally estimated to amount to $39,000, but were somewhat higher ($43,000) due to unexpected difficulties in loading files and the need to assign some complex start-up tasks to regular rather than hourly staff. Staffing costs started to decrease six months ago, and are expected to total approximately $35,000 in FY 2012.

The State Library, through its Transaction Based Reimbursement (TBR) Program, reimburses the Library for each LINK+ item loaned to other consortium members. The formula used for calculating the reimbursement amount changes annually. In 2010, the Library received $1.34 per item. During the one-year study period, the Library loaned 7,148 items to other libraries and received revenues from the State Library in the amount of $9,578. During the same period, 4,659 items were received for Palo Alto customers. This activity accounted for 0.63% of the Library’s total first-time book circulation figure. It was anticipated that the TBR Program would cover the majority of the LINK+ delivery charges and in fact the Library received $1,487 more from the State Library than was spent for delivery. Staff expects FY 2012 reimbursement to total approximately $10,000.

1,017 Palo Alto customers (2% of the Library’s total customer base) used the service during this period. Borrowing activity is increasing. 950 items were borrowed during the 4th quarter of FY 2009. During the same period in FY 2010, borrowing activity had increased by nearly 25% to 1,185 items. Overall, the total cost per item processed on behalf of Palo Alto customers amounted to $22.19. In FY 2012, estimated costs per item are expected to decrease to about $16.10 per item.

Customers who used LINK+ and responded to a LINK+ customer satisfaction survey voiced unanimous praise for the service. FOPAL affirmed their support for continuance and approved the Library’s request for funding for an additional two years. The Library Advisory Commission
discussed LINK+ at their November 18, 2010 meeting and unanimously recommended continuance as long as FOPAL continues their contribution. Because the actual costs closely matched the estimates, and users and FOPAL support continuing the service, staff recommend that funding for the service be continued for two more years.

**RESOURCE IMPACT**

Staff has estimated the total cost (both service and staffing) for continuing the service for two years to be about $200,000. Depending on the number of books loaned to other libraries and the State Library’s funding formula for its TBR Program, potential reimbursement over the two-year period is estimated to be about $20,000.

Costs for membership and subscription, hardware support and software licenses for two years will total approximately $100,000. FOPAL has approved funding for $100,000, and will pay Innovative Interfaces directly for these costs. The City’s share of the cost for continuing the service for two years, approximately $100,000, will cover the cost of supplies, delivery charges and hourly staff to cover the workload to provide the service. The anticipated revenue received from the TBR Program over two years, estimated at $20,000, will partially offset the expense.

Staff will continue to promote the service and evaluate its cost relative to its benefit and use to determine if continued funding of the service is recommended.

The estimated City cost in fiscal year 2011 (March-June 2011) is $10,800; $8,700 for staffing and $2,100 for delivery fees. The staffing cost is included in the FY 2011 adopted budget while the delivery cost of $2,100 will be requested as a midyear adjustment to the Library budget, if Council approves renewal of this program.

**POLICY IMPLICATIONS**

This recommendation is consistent with Council’s approval on December 11, 2006 of the highest level of recommendations in the Library Advisory Commission’s **Library Service Model Analysis and Recommendations** report, including the recommendation to use technology to “join the LINK+ or similar resource sharing system to provide access to a wide range of books.”

**ENVIRONMENTAL REVIEW**

This is not a project requiring environmental review under the California Environmental Quality Act (CEQA).

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