



CITY OF POMONA BOARD OF LIBRARY TRUSTEES REPORT

February 21, 2018

To: Board of Library Trustees

From: Mark J. Gluba, Deputy City Manager

Submitted By: Muriel Spill, Library Manager

Subject: **Discussion of Options for Potential Alternative Library Services Business Models**

OVERVIEW

Recommendation – That the Trustees review and discuss the information below regarding potential alternative Library services business models.

DISCUSSION

The Library experienced a steady reduction in public service hours from the fiscal years 2009 to 2012, with the lowest service level being twenty (20) operational hours per week. The Library currently operates at twenty-nine (29) public service hours weekly, with a staff of 21 hourly employees, providing services Monday – Thursday, 1:00 p.m. to 7:00 p.m. and Saturday, 12 noon to 5:00 p.m.

The Library is currently operating solely with hourly employees, six of whom are retiree annuitants. Due to CalPers limitations on the number of hours such employees can work, the capacity to expand Library operations under this model is constrained. Additionally, CalPers limits use of retiree annuitants to “temporary” basis. The Library has operated under the current model for approximately five years. The City Council recently directed staff to research potential alternative Library services business models in an effort to address the limited duration which the City is able to utilize annuitants. Staffing under the current Library business model is able to continue to provide Library services including:

- Weekly Story Time Summer Reading Program
- Laura Ingalls Wilder Sociable (February)
- Trivia Bee
- Movies Series (3-4 monthly)
- Holiday Crafts for Children
- Public Access to Computers
- And other special programming

Staff does not anticipate being able to replace the current roles and responsibilities of retiree annuitants solely with hourly personnel within the allowable restrictions provided by CalPers. However, if the City were be able to recruit qualified part-time replacements for all of the annuitants, the existing Library budget level would likely be unaffected and allow for the current service model to remain unchanged.

Staff has prepared a rough estimate below of the minimum potential costs of restoring in-house Library operations. In addition to the in-house estimate, staff has included a rough estimate for private contracting of Library services based on former informal quotes received from Library Systems &

Services (formerly LSSI). Please note that no recent discussions have taken place with Library Systems and Services since they have changed ownership of the company. All of the service delivery estimates below should be considered very rough due to several variables, including, but not limited to:

- Fluctuations in CalPers employer contribution rates (In-house)
- Additional future financial obligations associated with leave accruals, buybacks, etc. as provided for in existing personnel rules (In-house)
- The ability to recruit and retain staff at the salary/benefit levels assumed in the cost estimate (In-house)
- The lack of recent/accurate quotes from LS&S or any other potential contract service partner. (Contract)
- Continued required costs such as utilities, materials purchases, building maintenance, software and equipment licensing, etc. that may not be all or partially included within the existing contract estimates. (Contract)

Restoration of In-house Operations

Based on historical operations, Library staff estimates that a minimum of five fulltime Library personnel (which as proposed, would include a Library Director, two managerial and two supervisory personnel) would be required to replace the annuitants and restore in-house Library operations. Under some past City operational models, the Library Director position has been shared across departments, such as Neighborhood Services (formerly Community Services). Such a scenario would likely reduce the potential increased fiscal impact of the in-house staffing estimate. The staffing estimate outlined below includes the estimated expense of a fulltime dedicated Library Director. Based on these minimum staffing level assumptions, staff estimates that restoration of benefitted City employees would drive the costs of Library operation well in excess of \$2 million annually and incur additional future liabilities for CalPers, paid leave and other employee benefit obligations.

Staff estimates that an in-house total Library Operating Budget including the five fulltime staff members outlined above, would exceed \$2.2 million. This would require additional annual General Fund appropriations of more than \$1.2 million over current levels. Personnel salary and benefit costs included in this estimate total \$936,000, of which the five fulltime personnel comprise \$526,000. Based upon these staffing level assumptions, staff estimates that the Library would be able to provide 39-40 hours of service per week. Please note that, while this estimate includes an increase of service hours, these staffing levels assume continuance of the Library's current delivery of core, basic services. No enhancements for additional services such as Literacy Programs are included in this estimate.

Contracting Estimates

A 2015 Memo to the City Manager, which was later shared with the City Council as an attachment to a Budgetary Report stated the following:

"...In January 2015, LSSI provided staff with a cost estimate to provide 40 hours weekly of Library services via a public/private partnership contract model. The amount of this proposal was \$1,460,000 plus additional "other direct charges" including utilities and internal allocations such as information technology. Staff estimates that this model would require annual General Fund appropriations of approximately \$1.6 million, or roughly \$700,000 over current appropriation levels..."

As mentioned earlier, LSSI changed ownership after this rough estimate was provided. In subsequent conversations in 2015 LS&S representatives indicated that the company's pricing models had gotten more aggressive under the new ownership and that similar services may be significantly less expensive than the prior quotes. However, no new estimates have been obtained.

At request of the City Council and Trustees, staff had an informal conversation with representatives from the Los Angeles County Library System regarding Pomona Public Library operations. The County representatives complimented the great efficiencies of the current service delivery model and verbally roughly estimated that a County contract for current service levels would likely cost near \$3million annually. Due to the inherent inaccuracies of these rough estimates, staff recommends that estimates from Library Services providers, including LS&S, be obtained as part of any formal process to determine cost feasibility and facilitate accurate comparison to other potential service delivery models.