

OUTSOURCING ESCONDIDO PUBLIC LIBRARY: HERE ARE THE FACTS

The City of Escondido, by all indications, is prepared to contract with a private company, LS&S, to assume all responsibility to plan, choose, manage, direct and operate all of the Library's services, staffing levels, materials, programs, PR and equipment. The City will still own the building but will have no voice or control in day-to-day operations, or what services/programs are offered, or how they will be run. **This contract is on the Council agenda for August 23rd.**

- There is only one private company in the U.S. which operates public libraries under contract, for profit. It is headquartered in Maryland and owned by Argosy Private Equity. The company asserts that it manages 80 public libraries; in fact, it has **contracts with only 20 libraries**. Some of their clients have multiple, small branches.
- The company provides no transparency as to their profit margin; however, by the end of a ten-year contract, **their fee increases 30%, with no increase in the library's operating budget from this year.** (See table on back.)
- The company asserts that the City will save \$400,000 per year over the 10-year contract. This **"savings" is less than one-half of one percent** of the City's General Fund budget. Is that amount worth loss of local control over our City's busiest facility?
- Earlier, the City said they would use the savings to address the unfunded pension liability problem; however, the **Library represents only 2% of the City's pension liability**. Now they say the money would be used for Public Works' budget needs.
- It is important for the City to examine all options to reduce its budget and/or to address infrastructure needs. However, this should be accomplished with a logical plan and timeline, not by picking one department that uses only 3.7% of the total City budget.
- Almost all the "savings" will come from firing all the Library employees, and then hiring some back with greatly reduced benefits. Fewer and less well-trained employees means reduced quality of services, programs and collections.
- A high-quality library adds to community property values and has been shown to generate a *Return On Investment* of \$5 to every \$1 in taxes. Quality is lost when a private company has to reduce/eliminate services and staffing to make a profit.
- The proposal indicates the company will open the Library 7 days/60 hours a week; the Library already has a plan to do that with current staff. Where's the benefit?

- According to the 2015 Library Bond Measure survey, 68% of residents would support the bond. Numerous residents have now indicated that if the Library is privatized, they will not support a future bond measure to build a new and needed library. Is privatizing the Library worth the loss of a new facility that will meet our needs into the future?
- City staff have been in meetings with this company since early this year, and it is only now that the public is hearing about the proposal, giving the impression of back-door negotiating this important change without allowing for sufficient public input.

The “outsourcing” proposal projects a 3% annual increase in both the General Fund budget and the company fee. However, that has not been the trend in the past 10 years, below.

	2006-07	2016-17	% +/-
<i>City General Fund</i>	\$82,188,935	\$95,390,355	+ 14.6%
<i>Library Operating Budget</i> ¹	\$3,788,740	\$3,637,465	- 4.0%

¹Does not include \$200,000 for library books, DVDs, etc. that the City pays from another City fund, plus (hopefully) \$50,000 from the Friends of the Library.

If the City contracts for 10 years with LS&S, the 3% annual increase in their fee will go directly into the company profits, not the library staffing, services and collections.

	2017-18	2026-27 with LS&S	% +/-
<i>City General Fund</i>	\$98,673,990	\$128,276,187 ²	+ 30%
<i>Library Operating Budget</i>	\$3,670,055	\$3,666,882 ³	0%
<i>LS&S Fee</i>	\$2,475,000	\$3,216,933	+ 30%

²LS&S proposal assumption

³LS&S proposal figure for total Library budget in 2026/27 of \$3,916,882, minus \$200,000 for library books, DVDs, etc. that the City will continue to pay from another City fund and hopefully \$50,000 from the Friends of the Library.

This is not a politically partisan issue. It affects everyone who supports the Library with their taxes. Do you want to lose local control and have your tax money go to Maryland to line the pockets of corporate executives?

LET THE CITY KNOW HOW YOU FEEL ABOUT THIS PROPOSAL.

Call or email your Council Member before the City Council meeting of August 23, 2017.

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