

DATE: July 31, 2017

TO: Jeffrey Epp, City Manager

FROM: Cynthia Smith, Interim Director of Library and Community Services

SUBJECT: Review of Library Systems and Services Proposal and Cost Analysis

This memorandum provides my professional assessment of the Proposal for the City of Escondido, dated July 26, 2017, submitted by Library Systems and Services (LS&S). Input is based on my experience as a MLS degreed professional librarian with over 30 years of experience in libraries and public library administration, and research conducted on Library Systems and Services, LLC.

From a professional perspective, the proposal can only be viewed as a summary introduction, written in general, sweeping terms, with broad claims, boilerplate statements, and without specific examples that detail exact services or methods to indicate how outcomes will be achieved or measured. This proposal provides an idea of what LS&S might or might not offer, but it is not advisable to consider that there is enough solid information to make an informed recommendation to enter into an agreement. Specific requirements by the City to uphold the professional standards for delivery of service already established by the City and Escondido Public Library (EPL), or improve service for any specified service goals are not referenced. Specifications for the delivery or change of key programs and services; workflows; community outreach; employment of technology; internal and external communication methods; reporting of statistics; fiscal accountability and audit; and other important services are not defined.

The following comments relate to concerns found in sections outlined in the Table of Contents.

Executive Summary

LS&S states it has public-private partnerships with more than 80 public libraries around the country. This is a very misleading statement. LS&S has contracts with 20 library jurisdictions, commonly known as library systems. The number cited is 80 public libraries. In reality, this refers to the total number of facility locations that include branches within a system. Many of the branches are small and serve communities that are very remote or have small populations. From a professional perspective, every library is important and exists to serve their community; however, for the purpose of evaluating services provided, Escondido Public Library and the City of Escondido's diverse community and demographic cannot be compared to the majority of these small branches or systems.

In reality, LS&S holds contracts with only 20 systems and rightfully, each contract varies according to the agreed-upon requirements, terms, conditions, and funding. In each contract, LS&S performance is bound and limited by the level of funding it receives and its profit goals. Therefore, library performance and consistency under LS&S can vary widely in overall features, focus, improvements, and engagement offered to a community. LS&S should pay special attention to what programs and services, especially technology, they can actually offer the City given a contractual dollar amount.

LS&S states that they employ more than 1,000 people, including 140 professional librarians with MLS degrees from ALA accredited schools. This means that only 14% of its workforce is classified as professional library staff, a level below professional standards found in public libraries, especially locally in San Diego. EPL's current ratio of professional librarians is 20% with specializations in children, teen, adult, and technical and technology services. If EPL is operated by LS&S, as turnover occurs, the ratio of professionals to paraprofessionals is bound to decrease to the LS&S corporate standard. In addition, professional services will be compromised because LS&S is known to fill professional librarian positions with staff who do not hold MLS degrees.

LS&S is not required to provide information on employee benefits and staff turnover. Librarians are well aware that there is a high turnover within LS&S libraries; however, this information is not forthcoming by the company. One could expect that if staff retention was high, and therefore turnover was low, they would promote this information. Turnover rates would be important in accessing how service to the community could be impacted.

It is true that LS&S is the only company in the United States that manages public libraries for local government. Once a decision to contract with LS&S is made, other than dealing with problems that result, there is no way to determine if service could be better because there is no competition with other privately-operated library companies. However, the comparison can be made with other government-operated libraries, which clearly proves that the LS&S libraries do not provide the same or better quality as the government-operated libraries.

Value Proposition for City of Escondido

LS&S claims its model "...will transform the EPL environment to a service-driven organization where best practices - developed and tested in 80 libraries - provide additional access to patrons and a strategic approach to technology adoption to optimize the City's investments." The basis for the suggestion that EPL needs to be transformed to a service-driven organization is completely unfounded, and frankly insulting. In following the City's standards, customer service and dedication to the community are EPL's highest priorities and EPL is on the forefront of technology practices. Regarding the latter, EPL is always planning to advance technology and looking for methods to achieve these goals in a cost-effective manner.

LS&S states the following benefits to the City of Escondido:

- *The stated cost-savings of \$3.9M over a five-year period (that calculates to a savings of \$780,000/year to the City).* This figure is different on page 7 in the Cost Analysis section where the estimate of an average cost reduction of \$851,342 per year is given. How are these two figures explained and which one, if either, is correct? Further, the cost analysis provided on page 7 is inaccurate and therefore the conclusion they make is also inaccurate. Finally, to provide such inaccurate information in a formal proposal is lacking in quality; and a demonstration of what the City and Escondido community will experience if LS&S assumes the Library operations.
- *Expanded hours of operation to 60 hours per week.* This is a non-issue. EPL Administration has studied patterns of patron use and busiest times to substantiate proposed open hours. EPL Administration has already submitted a proposal to the City Manager and is prepared to expand service hours to include two additional evenings, increased hours on Saturday, and new Sunday hours. Although LS&S proposes to increase open hours to 60 per week, including Sundays, a detailed proposed schedule was not included and therefore cannot be evaluated.
- *Seamless transition of existing staff to LS&S.* This assumes that all current staff will transfer to LS&S and does not account for staff that may not elect to join the company as a result of resignation or retirement. The time it will take to hire and train new employees will result in a not-so-seamless transition for the community. Also, LS&S did not include a proposal on how staff would be deployed or a proposed organizational chart.

It should be noted that any staff that do not move to LS&S and transfer to another position within the City will not serve to reduce costs to the City's pension liability, nor the operational budget.

- *"Expertise from a company of Librarians that is flexible and adaptable to the community's changing needs."* Again, the LS&S ratio of librarians to other staff is unacceptably low. The assumption is that this ratio may remain at an acceptable professional standard initially, but it is bound to change according to LS&S past practices and history as employees quit or retire. This is certain to impact service to the community in the future. Additionally, it is well-known that the best LS&S librarians and directors are frequently relocated to other libraries as needed without regard to where they currently live and/or the impact to the community left behind. Note that directors in Simi Valley, Camarillo, Moorpark, and Santa Clarita were reassigned and the average tenure for directors at these locations was two years or

less. EPL's managers and supervisors are well established and outstanding performers. By extension, they could be reassigned to a new library on contract or to solve problems, without care for EPL. This type of move occurs often among the employees belonging to LS&S.

- *LS&S states that technology and innovation will provide both the city and the community access to industry-leading best proactive technology solutions.* This is not much of an issue to tout, especially since no specifics are provided on how this will be achieved. EPL is already functioning at a high level and engaged in offering technology solutions. Had LS&S really performed its research, they would already know this, demonstrating again that this formal proposal serves as an example of a lack of quality and low standards of product.
- *Value-added service to partner with the City planning, space design, and analysis of the planned new library.* There is no indication in this claim that there will or will not be an additional cost for this service. As a for-profit company, it would be logical to conclude that the City will have to pay for this additional service just as the City would pay under the current operating situation. This claim is no different than what EPL has been doing throughout the history of the quest for a new library facility. As such, EPL staff have established relationships with the City Manager's Office, Planning, Finance, and Engineering staff with regard to this matter. LS&S will have to work hard to establish these relationships too.

LS&S Background and Qualifications

Some concerns regarding LS&S background and methods are already addressed in comments in the Executive Summary. A closer look at LS&S background reveals that some of their general statements are not well supported. Corporate staff with expertise are spread thin and in most cases only one person is identified for special, yet highly important needs. For example, LS&S claims to have professionals that bring "decades of experience in all aspects of management and operations..." At the corporate level, LS&S employs one marketing and graphic designer to serve all 80 branches. This may also include website design for the 20 jurisdictions and all promotional materials (flyers, brochures, etc.). Libraries that must rely on this one resource are often reduced to producing their own promotional materials that look unprofessional. They also have websites that are very basic and lackluster. LS&S hiring of a graphic designer is a recent improvement as the position was previously part-time. When the part-time employee left, a vacancy occurred and no one assisted libraries requesting promotional materials for programs.

In this section, LS&S claims that, "LS&S was the first company to use minicomputers for library cataloging, the first to master library data on optical disk, the first to use and understand the impact of CD-ROM technology, and the first to develop and deploy kiosks

for remote access to collections and services.” This statement is misleading, for the following reasons: 1.) How can they honestly say they are the first company to do this, when historically they are the only company operating public libraries, and thereby reduce the impact of the claim. 2.) They do not cite their source of information to validate this claim. Library professionals know that this is not a true statement: public and academic libraries throughout the nation were using this evolving technology long before LS&S was formed. I had the opportunity to be introduced to this technology in grad school at the University of Michigan, years before LS&S was founded.

LS&S makes note that it has contracts to operate and manage libraries and listed all of them. Five are county-wide library systems: Riverside County, CA (36 branches); Shasta County, CA ((3 branches); Finney County, KS (1 branch); Osceola County, FL (6 branches); Sumter County, FL (3 branches); and Jackson County; OR (15 branches). The remaining library jurisdictions listed are typically only one location and serve small populations.

In almost all cases the municipal government and libraries were in utter financial distress when they turned to LS&S for assistance. Today, none of these library systems are considered as premier, state-of-the-art, or leading in the profession. This is not the case for EPL’s situation and EPL is not in this league.

Proposed Scope of Work

LS&S lists the following services that they will provide:

- **Provide strategic and operational leadership.** LS&S does not detail specific areas of focus or how this will be accomplished. They state they will work with the Board of Trustees and Library staff. This is a non-issue. EPL already does this and continually strives for performance and process improvement. EPL keeps the Board of Trustees apprised of initiatives and goals. LS&S would have a significant learning curve to navigate and would have to develop relationships with the Board, staff, support groups, and stakeholders.
- **Operating hours on Sundays.** The issue of expanded hours was previously addressed in this memorandum. This is a non-issue.
- **Deploy contemporary library technology by implementing, hosting, and maintaining a new Integrated Library System (ILS).** This deployment is completely unnecessary. The City of Escondido and EPL implemented a new, cloud-hosted, state-of-the-art ILS in June 2014. The new ILS was a CIP project with investment of taxpayer dollars. Implementing a new ILS would be a complete waste of these tax dollars as EPL’s system is high-functioning, powerful, and does

not need to be replaced since it has an expected lifespan of 10 years. In addition, replacing this system would also be highly disruptive to users and staff. Further, had LS&S investigated this, they would know what ILS system EPL has and could have also determined how long the ILS has been in place. Once again showing a lack of homework for this formal proposal and using boiler-plate is disappointing.

- **Lower IT costs.** LS&S proposes to use the cloud to lower costs and increase performance. EPL is already achieving this. EPL has high-speed broadband through CENIC/CalREN running at 1gps on the City's fiber optic network, an E-Rate discount that provides a 90% reduction for public internet service costs, cloud-hosted ILS and other subscription services that run at 99.9%. This immense cost-savings is the direct result of EPL staff's pursuit of the best products with ongoing discounts to provide the highest quality services with minimal cost to the City.
- **Improve efficiency in collections and deliver real-time analytics.** EPL agrees there are benefits to using analytic tools and they are used by our librarians already. EPL uses Decision Center which is compatible with the new ILS. However, EPL professionals disagree that analytics must drive collection development. Among professionals, LS&S libraries have a reputation of using a cookie-cutter approach to materials acquisition, do not provide adequate titles, or develop collections with depth and breadth to meet community needs. LS&S uses Edelweiss as an analytic tool which is not widely used by many libraries (not one library system in San Diego and Imperial region uses Edelweiss) and not popular as it was originally developed for bookstore use as a sales and inventory tool.
- **Streamline cataloging.** This is also a non-issue for EPL. EPL has a staff member who catalogs materials, in addition to other responsibilities. Today, most cataloging in public libraries is "copy cataloging," available from the vendor and almost all materials received are already catalogued. It is hard to say why this is even mentioned, indicating this is more boilerplate verbiage.
- **Enhance children, teen, and adult programs.** This is a quantity vs. quality statement. A survey of all LS&S libraries shows that EPL is providing similar programs, if not more varied and creative programs, than LS&S libraries. EPL programs address developmental levels for babies, toddlers, and preschoolers, as well as programs for elementary, middle and high school age children that promote literacy. There is an emphasis placed on developing reading skills, comprehension, and reading for enrichment and recreation. Youth programs emphasize STEM/STEAM. EPL runs a chess club for kids, four different book clubs for all ages, including a bilingual club, a literacy program, local history lectures, and

cultural programs. EPL issued 88 news releases in 2016, reflecting the numerous offerings for the community.

- LS&S will have difficulty fulfilling this promise as it will have to deal with the same space constraints that EPL contends with. However, as no specifics are provided in this formal proposal, one is left to guess as to how this will be accomplished.
- **Expand special programs.** LS&S does not elaborate or substantiate how and when they plan to provide digital literacy and digital creation stations. EPL has a plan to activate a VR (virtual reality) station within the next few weeks and establish a program to introduce 3D printing to the public already.

However, as no program specifics are provided in this formal proposal regarding LS&S purported program improvements, one is left to guess as to how this will be accomplished.

- **Continued support of the Pioneer Room.** This is not different than what EPL is doing now. No details are given to determine how they will support this promise.

Improved reporting. This is a non-issue for EPL. Staff maintain statistics and review them to help determine strategic direction and continuously improve service. EPL is accountable to the City with its reporting. LS&S will primarily report performance to its own management and financial team for profit management purposes, and likely report performance to the City quarterly at best, or annually as defined in a contractual obligation.

- **Reduce administrative tasks and janitorial services.** LS&S will provide HR, Accounting, Marketing, and IT services. Even so, the City of Escondido will still employ (and need) the same number of staff in Finance, HR, and Information Systems. The City will still have internal service fund accounting to deal with when it comes to building maintenance and other matters. This does not reduce City costs as shown in the Finance Department's Library Analysis. Finance or a designee by the City Manager, will still have to audit the City's contract with LS&S. How will a non-library professional evaluate overall performance to determine value for taxpayer dollars?

Conclusion

The bottom line is that I have performed due diligence to review this formal proposal carefully and thoughtfully and render my professional opinion, based upon my expertise, knowledge, and research. It is of great concern to me, as it should be to the City of

Escondido, that that much of this formal proposal consists of boilerplate information, generalities, and broad statements without specific details of how recommendations will be accomplished and no given timeline. The proposal demonstrates a lack of attention to editing, fact-checking, or proofing; a lack of information; and a cookie-cutter approach to operations – at best, all of which clearly show poor quality and level of standards expected of LS&S employees.

The credibility and reputation of this company is not worthy of this Library and the community it serves. This company believes that they can entice government officials by saying they will save money without having to provide concrete steps, product information, staffing, organizational structure, or other imperative transitional details that are essential to operating a successful public library.

While LS&S can claim that they operate 20 libraries, none of those libraries are “uber,” state-of-the-art, highly successful, model libraries. If they were, I would be the first to acknowledge their excellence. If the City Council truly wants to encourage middle to high income residents to live, work, and play in Escondido, having a public library with an outstanding reputation will be important to achieve this goal. They should continue their investment in EPL operated as is, under its current structure.

CC: Jay Petrek, Assistant City Manager
Michael McGuinness, City Attorney
Sheryl Bennett, Director of Administrative Services
Joan Ryan, Assistant Director of Finance
Jodi Coco, Budget Manager