



## **Automation Fee Structure**

### **Background**

As a consortium, we have experienced radical change during the past three years with our migration from a 20-year old legacy automation system to a modern integrated library system (ILS) in September 2003. We have undergone other technological challenges and innovations with the implementation of CIPA required Internet filtering, and the installation of broadband alternatives to maximize bandwidth while controlling costs.

At the same time, the Online Libraries and SELCO continue to face economic challenges that motivated SELCO to undertake an extensive review of its automation fee structure. In FY 2005, SELCO contracted with Diane Mayo of Information Partners, Inc. to conduct such a study. Ms. Mayo had offered vital support and valuable knowledge throughout the selection and negotiation for the ILS. The objectives of the automation fee study included:

1. Identify the true cost of SELCO information technology (IT) services by conducting cost analysis of current staffing and IT services, including proportional overhead;
2. Examine current library automation environment for possible models;
3. Develop fee structure for SELCO and its Online Libraries that is fair, simple to understand and administer, as much as possible allows for a degree of flexibility to accommodate the multitype nature of the ILS and technology services, does not penalize success or effective utilization of the ILS, and ensures a stable funding base to maintain basic online services into the future.

### **New Fee Structure Effective January 2006**

The new fee structure is based on system usage. Services and related fees will be split into three categories: Basic, Value Added and Special Projects.

#### **Basic Services Fee**

Each Online Library will be assessed an annual membership fee of \$100. This assessment will be based on the contracting institution rather than by building or connecting location. For example, Owatonna Public Library will pay a \$100 per year membership fee as a single contracting institution. This membership fee will also cover Blooming Prairie Public Library, which is a branch of the Owatonna Public Library and was assessed a separate base amount in the old fee formula. Likewise, Rushford-Peterson Schools will pay one membership fee of \$100 rather than three base amounts, as was part of the old fee formula. This membership fee recognizes the cooperative nature of the SELCO library

consortium and acknowledges that all Online Libraries are collaborating partners in creating, maintaining, and growing the ILS.

The Basic Service Fee is based on each Online Library's use of the ILS. The fee is structured to weight use of the system on the percentage of circulation transactions and the percentage of the item database each library contributes to the consortium. A library's circulation and holdings count are compared to the total circulation and holdings of all sites. This will eliminate a large degree of volatility should an Online Library experience a significant increase or decrease in circulation or holdings.

A circulation transaction is defined as a single check out, renewal by phone, renewal at desk, or renewal via iPAC. The number of transactions will be counted for a period starting January 1 and ending December 31 to coincide with the public library fiscal year. A holdings count will be taken at the end of each fiscal year, July 1 – June 30, to coincide with fiscal year for SELCO and the online school libraries.

For the schools, one additional metric is employed, a fee per registered student. This fee is the schools' corollary to the contribution to automation services made through state aid in the form of Regional Library Basic System Support. In addition, each school district is also responsible for the cost of one delivery stop per week. SELS contributes to the provision of automation support by covering the operational cost of a second day per week delivery to the school districts with participating Online Libraries.

All counts will be based on the second preceding year figures. For example, the 2006 Basic Service Fee will be based on 2004 circulation, holdings, and student population counts.

Basic services include:

- Integrated Library System (ILS): cost of hardware & software support with Dynix and purchase costs:
  - Cataloging
  - Circulation
  - iPAC
  - SIP2 Protocol
  - Acquisitions
  - Serials
  - Media Scheduling
  - Enriched Content
  - Remote Patron Authentication
- ILS system administration: server administration, database maintenance, problem resolution, new releases, backups
- Help Desk service: 7:30 AM – 5:00 PM, Monday-Thursday  
7:30 AM – 6:00PM Friday  
On-call evenings, weekends, and select holidays

- ILS training
- Notice production, print and email (supplies charged back to libraries)
- Standard ILS reports
- Database quality assurance
- Internet service and telecommunications network: design, fees and support, including server administration
- Email
- Firewall administration
- Filtering administration and support for public libraries
- Interlibrary loan support
- MnLINK connectivity and administration
- Thin client configuration and support
- Online electronic resources (databases)
- Delivery—two days per week for school media centers and three or five days per week for public and special libraries
- Website setup and hosting

### **Value Added Services**

The second category of the new Automation Fee Structure is Value Added Services or those services available from SELCO at a pre-determined added fee for those libraries wishing to use them. Currently, the following services are available, in development, or under consideration:

- Cataloging and MARC record creation
- Support and maintenance of OCLC records for Online Libraries with full OCLC membership
- Setup and maintenance of OCLC CatExpress accounts
- Processing record uploads from cataloging vendors
- Online electronic resources for other than Online Libraries
- Coordinating vendor licenses for Online Libraries
- Additional delivery stops for Online Libraries
- Delivery stops for other than Online Libraries
- PC configuration and support – Standard + 1
- PC configuration and support – Extended
- PC initial configuration for SELCO support
- Premium web services
- Processing data loads from student management systems
- SIP2 configuration and Horizon-side support for pre-configured sources
- Wireless
- Public PC Management
- Downloadable Audiobooks

### **Special Project Services**

This category recognizes the federated nature of SELCO's membership. As a federation of independent libraries, members are free to identify and adopt a range of technologies beyond those offered or supported by SELCO. Yet many of these "outside" products require some type of interfacing with SELCO's Horizon database or some other support.

Each of these technologies will require SELCO staff time to become familiar with, configure and/or test the interface with Horizon. Because SELCO staff will have no experience from which to draw in supporting these unsupported technologies, libraries wishing SELCO assistance will be quoted an hourly cost and/or total project assessment. The fee will cover the staff time necessary to configure, test, and work with third party vendors as needed. Special projects are not intended to be a profit center for SELCO, but the revenues should cover the real costs. Commonly funded resources such as SELCO staff will not be expended to meet the unique needs of a sole Online Library. Examples of possible Special Projects include but are not limited to:

- Peripheral (printers, scanners, etc) configuration and installation for devices not on the SELCO Supported Hardware List as provided on the SELCO website
- Cataloging interface with a new vendor
- SIP2 configuration and connectivity with a new source vendor
- Interfaces with other external systems

### **ILL Dividend**

Since the Online Libraries have elected to participate in the SELCO ILS in order to share resources, SELCO and SELS will recognize the substantial contribution made by net lenders by providing an annual ILL Dividend. The ILL Dividend will be based on the total number of items loaned to other Online Libraries compared to the total number of items borrowed in a calendar year, January 1 and ending December 31.

### **20% Cap on Basic Service Fee Increase**

In order to minimize the financial impact of the new SELCO Automation Fee structure, no Online Library will be required to pay more than 20% over the previous year's fee. This is consistent with past practice and was recommended by the elected members of the ILS Operations Committee.