

## A Challenge with a Happy Ending

by

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This paper was presented as a portion of the program "Outsourcing Library Management and the Wolf River Library Consortium: A Successful Shared Partnership"

**Conference Abstract:** Deanna Britton, Director of the Collierville Burch Library, moderates a panel discussion in which representatives of the Wolf River Library Consortium present their views of outsourcing and discuss their experiences in working with Library Systems and Services (LSSI), based in Germantown, MD. After individual presentations, the panel will take questions from the audience.

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When faced with a problem, accept it as a challenge and then pursue the opportunities it presents. That's an attitude that the city of Germantown, Tennessee (population 41,000), followed when county government cut off operating funds for the suburban community's public library. The result is an independent library, managed by professionals at a lower cost and with expanded services.

The problem originated during debate over Shelby County's proposed budget for FY'04. For many years, county government paid for library services for Germantown and other suburban cities around Memphis. The libraries were operated as branches of the Memphis Shelby County Public Library and Information Center (MSCPLIC).

In a budget crunch, the county decided to phase out library funding over a five- year period, leaving it to each local government to pick up the difference and, ultimately, the entire cost of operating its library.

The suburban mayors persuaded the Shelby County Commission to give them a one-year reprieve to plan for the transition.

## **How Do We Pay?**

As Germantown began looking at how it would pay for its share beginning in FY'05 and the years beyond, its Board of Mayor and Aldermen and its administrative staff agreed on the challenge: to provide the highest quality services to the community in the most efficient manner possible.

City staff formed an internal committee to thoroughly review the existing library operation and explore all options to deliver service to the customers at the heavily used library, built in 1997 and owned by the city. The committee identified three options to operate the library: (1) contract with MSCPLIC, (2) operate the library in-house as a city library, or (3) contract with a private management company.

Exploring the first option, the committee began a dialogue with MSCPLIC to determine the current cost of operating the Germantown Branch Library. The answer appeared elusive, as Germantown was first given a figure of \$1,049,857. After the city questioned MSCPLIC, the figure increased to \$1,089,426—nearly \$40,000 more than the initial quote. There was growing concern from Germantown and the other suburb communities on their ability to obtain accurate and definitive numbers from MSCPLIC.

In September 2003, a meeting was held with Shelby County Mayor A. C. Wharton and staff, MSCPLIC representatives, and the mayors and/or representatives from several of the affected cities. Mayor Wharton formed a committee of the county finance director, a MSCPLIC representative, and a representative from each of the suburbs to determine how much it cost MSCPLIC to run the branches. After several meetings, MSCPLIC issued yet another set of new figures for annual operational costs for each library.

Germantown's new tab was \$1,561,632, a staggering increase of nearly 50 percent over what was first quoted. The other localities also received substantial increases. Not only did the MSCPLIC budget include much higher costs than were anticipated but service levels

were cut (fewer hours of operation and less spending on materials and automation). Over and above costs directly incurred at the library branch, Germantown's share of system administrative costs weighed in around 40 percent of the total expenses.

While waiting for a cost quote from MSCPLIC, Germantown was checking on the other options. City officials visited several libraries of similar size and operation, reviewing their budgets and the scope of their services. They discovered that it was probably possible to increase services and hours of operation for substantially less than MSPLIC quoted.

### **Another Option?**

At the direction of the board, the city sent a request for proposal for operating the Germantown library to possible vendors and to MSCPLIC. For comparison purposes, the city's research and budget staff developed a budget consistent with goals set by the library committee—goals that emerged from looking for opportunities.

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The criteria were framed in fundamental questions: Who could deliver the best services and materials to the citizens of Germantown? What would allow input by the Board of Mayor and Aldermen, city staff and citizens regarding library services, hours of operation, collection development, and programming? How could the vendor provide exceptional service in the most efficient manner?

Extensive review by staff and the research and budget team led to a recommendation to contract with Library Systems & Services, LLC (LSSI), a private library management firm. LSSI's proposal provided Germantown with more services and expertise for less cost, and put the community in control of its library. The MSCPLIC proposal, offering less service, came in at about \$500,000 more than the LSSI bid.

The city concluded that LSSI had the experience and qualifications to transition the existing library from a traditional model of branch service to a contemporary community model. The new model had capacity to expand library services, including longer hours of operation, more spending on community-preferred materials, and greater automation. It also accommodated a broader funding base, not just from taxes but also from additional revenue-generating initiatives.

Even as the city moved toward a decision in the spring of 2004, Shelby County was revising the phase-out plan from four years to two years. The accelerated pullout dropped the expected subsidy of \$2.3 million over four years to \$933,000 over two years. Less than two weeks into FY'05, elected officials appointed a library board and approved a three-year contract with LSSI; the new library board immediately concurred on the contract.

### **A Problem, a Challenge, an Opportunity**

The problem-challenge-opportunity attitude resurfaced the next day and in the weeks to come. The abrupt departure of MSCPLIC staff left the library without personnel, no phone or computer system, and no access to the inventory database. The city closed the library until a new team and cataloging system could be put in place. MSCPLIC voided all library cards belonging to Germantown residents, preventing them from borrowing books from any other Memphis or Shelby County libraries. Eventually, a lawsuit filed by Germantown residents (*Lawton v. the City of Memphis*) led to the MSCPLIC allowing Germantown residents to purchase a library card for \$20.

For the next three weeks, city of Germantown staff, a multitude of volunteers, and LSSI staff worked to inventory, paint, refurbish, reorganize, and redesign areas of the library. As technical obstacles loomed, such as the lack of an accurate database, city officials and LSSI staff huddled to devise solutions. The professional management firm offered a team of experts to handle the many complex issues specific to a library operation.

"We refused to be bogged down by the conversion problems," recalls Mayor Sharon Goldsworthy. "Every time we had to deal with

something unexpected or a decision that needed to be made quickly, we shifted into the 'challenge' mode. As an example, fresh wall paint left a couple long gallery-like walls clean but devoid of art. A city employee was sent to snap photos of Germantown residents of all ages and in familiar locations. The photos were enlarged to poster size and hung on the walls. They not only brought great color and life to the spaces, they sent a message that this library was people-centered, focused on community and Germantown."

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- For the first time, the library is open on Sunday, increasing hours of operation from 60 to 65 hours a week. Sunday is now one of the busiest days.
- The library board is composed of committed, enthusiastic Germantown residents. Under MSCPLIC, Germantown had no representatives on the library board. Previously, Germantown had no say in how the library was operated. The library board now gives direct input regarding the library's collection, activities, and services.
- Before the change, MSCPLIC provided minimal accountability to city officials, although the city was annually providing \$150,000 for collection acquisition. LSSI is directly accountable to the library board and city officials.
- Although managed contractually, the city acknowledges and involves the library director, Dr. Sue Loper, as it would a city department director. The relationship encourages cross-departmental collaboration, especially between the library and parks and recreation functions.

- The city's former library commission (an advisory and fund-raising group) is merging with the old branch's Friends of the Library organization, joining efforts in advocacy and fundraising as Germantown Friends of the Library. A Library Foundation (501c3) is being organized for major gift solicitation and the pursuit of grants.
- The community is pleased and supportive of the library's fresh appearance, knowledgeable and friendly staff, expanded collection, and the Sunday hours. On average, more than 1,000 customers walk through the doors each day.

"For all that we've accomplished in just over a year, we view our library as a continuing work in progress," says Mayor Goldsworthy. "Information is dynamic and so are the challenges to present it. We expect and anticipate perpetual change in what our customers want and how we can best deliver it to them.

"Historically, public libraries are managed as a public entity. When we accepted the reality of paying the bill with city tax dollars, we knew we wanted to be making the decisions about how the library would operate," she continues. "We challenged ourselves to not take the routine pathway but to explore all possibilities and seek opportunities to emerge as a far better library."

The city was able to absorb its accelerated share of costs in FY'05. The FY'06 budget was more challenging, as the county's final contribution fell to 25 percent of the library's operational cost. City officials produced a tight library spending plan, trimmed general fund expenditures, and trimmed them again to avoid a property tax increase. "In FY'07, we'll be on our own," the mayor explains. "We'll need more revenue, so we're well engaged in looking at all the opportunities: foundation fundraising, perhaps a coffee shop franchise, fees for certain services, and others."