



Report to City Council

TO: Mayor and City Council

FROM: Thomas M. DeSantis, Assistant City Manager

AGENDA DATE: August 15, 2017

TITLE: APPROVAL OF CONTRACT AMENDMENT AND NEW CONTRACT WITH LIBRARY SYSTEMS AND SERVICES FOR LIBRARY SERVICES

RECOMMENDED ACTION

Recommendations:

1. Approve and authorize the City Manager or her designee to execute a contract with Library Systems and Services (LS&S) for provision of services at Moreno Valley's two library branches consistent with terms outlined in this report, with approval of the City Attorney.
2. Authorize the City Manager or her designee to execute a contract amendment to provide library services and furniture to a satellite library branch with (LS&S) for an amount not to exceed \$285,126 (\$151,265 for start-up costs and \$133,861 for operations).
3. Authorize the City Manager or her designee to execute any subsequent related change orders to the contracts up to, but not exceeding, a 10% contingency amount of \$182,320 annually.

SUMMARY

This report recommends a successor to the contract through which the City of Moreno Valley Library has been operated by Library Systems & Services since 2013. Since inception of this outsourcing Agreement, the level of services provided to Moreno Valley residents has expanded significantly - while also achieving projected annual cost savings.

This report also recommends approval of an amendment to the existing contract with LS&S to assist in opening the City's first branch library later this year as well as operate

it through the balance of the current fiscal year.

The recommended actions are fully funded in the FY 2017/18 Budget as adopted by the City Council; no additional appropriations are requested.

DISCUSSION

On June 23, 2013, the City Council approved a 5-year contract with Library Systems and Services (LS&S) to provide library services at the City's main library.

Significant service enhancements have been achieved throughout the contract period. This innovative agreement has:

- Increased public service hours by 25%
- Restored 7-day service
- Reduced City costs by more than \$300,000 annually
- Tripled program attendance
- Added bilingual programs components
- Expanded collection of DVDs to serve adults & children
- Purchased books on CD
- Broadened the collection's Spanish language books
- Replaced outdated and damaged books
- Added math, science, and history books to serve elementary students
- Enhanced the scope of materials for young children
- Increased community outreach via a dedicated staff person
- Enhanced public engagement by increasing participation by public volunteers
- Introduced new e-books and software for patrons

To meet residents' evolving needs, the City has also been able to allocate a significant amount for purchases of new Library materials. These annual allocations reflect a 200% increase above levels seen prior to the City's agreement with LS&S.

The City's initial 5-year contract with LS&S expires on June 30, 2018; consistent with terms of the contract, renewal is recommended prior to the final six months of the current term of service. Key provisions are consistent with the existing contract, which include:

- Provision of all Information Technology Services required for Library support
- 5-Year Term, renewable at the City's option
- Severance Provisions consistent with initial contract (uncured breach as well as discretionary)
- Incorporation of State-mandated Minimum Wage increases
- Annual cost adjustments limited to regional Employment Cost Index (as published by the U.S. Department of Labor's Bureau of Labor Statistics) for the immediately preceding 12-month period or 2.5%, whichever is greater

The renewal terms also reflect addition of the City’s branch library at the Moreno Valley Mall, as discussed below.

In adopting the *Momentum MoVal* strategic plan in August 2016, the City Council set the goal of opening a satellite branch Library by December 2017. The recommended amendment to the existing contract will ensure that operation of the City’s main and branch library remains fully integrated, while capturing operational and service efficiencies. The amendment will also leverage LS&S’s specialized procurement processes to reduce costs and timelines to obtain furniture, fixtures, and equipment necessary for the satellite branch library.

The recommended authorization for 10% Contingency funding would allow the City to move quickly if the Council later wishes to expand programs, service hours, or service offerings at the satellite branch library. This funding will also provide flexibility in adjusting the new satellite service model to meet the needs of patrons who utilize the new Moreno Valley Mall library location.

ALTERNATIVES

1. Approve and authorize the City Manager or her designee to execute a contract with Library Systems and Services (LS&S) for provision of services at Moreno Valley’s two library branches consistent with terms outlined in this report, with approval of the City Attorney; authorize the City Manager or her designee to execute a contract amendment to provide library services and furniture to a satellite library branch with (LS&S) for an amount not to exceed \$285,126 (\$151,265 for start-up costs and \$133,861 for operations); and authorize the City Manager or her designee to execute any subsequent related change orders to the contracts up to, but not exceeding, a 10% contingency amount of \$182,320 annually. *Staff recommends this action as the most effective expedient path to expand library services while maintaining the cost efficient delivery of high quality library services.*

2. Do not approve the new contract or contract amendment with LS&S. *Staff does not recommend this action as it would terminate the City’s successful partnership to further develop and provide City Library services at the end of the current contract.*

FISCAL IMPACT

Funding for library services as recommended is fully supported by the FY 2017/18 Budget as adopted by the City Council. No additional funding is necessary. Tenant improvements for the satellite branch library are fully supported by Capital Improvement Project funds earmarked for City facility projects.

Description	Fund	GL Account No.	Type (Rev/Exp)	FY 17/18 Budget	Proposed Adjustments	FY 17/18 Amended Budget

Library Operations –	Library Fund	5010-16-56-18510-625099	Exp	\$1,810,357	None	\$1,810,357
Library Materials -	Library Fund	5010-16-56-18510-630310	Exp	\$223,000	None	\$223,000
Startup Facilities and Material	Capital Imprvmt	3000-30-40-80003-720199	Exp	\$750,000	None	\$750,000

Total expenditures under the recommended contract include the following components: Library Operations, a satellite branch Mall Library, and Collections component. Each fiscal year, the City budgets funds to purchase additional collection items (e.g. books and DVDs) for the Library through LS&S. In FY 2017-18 the budgeted amount is \$223,000; future funding levels for Library collections are always subject to City Council approval via the budget process. The table below reflects Library Operating and Satellite Mall Library expenses, along with the annual collection budget to fully indicate expenditures under the new contract.

Period	Combined Charges			
	Library Ops	Mall Library	Collection/ Material	Total
Year 1	\$1,370,727	\$229,474	\$223,000	\$1,823,201
Year 2	\$1,410,564	\$235,211	\$205,000	\$1,850,775
Year 3	\$1,455,490	\$241,091	\$205,000	\$1,901,581
Year 4	\$1,505,402	\$247,118	\$205,000	\$1,957,520
Year 5	\$1,530,413	\$253,296	\$205,000	\$1,988,709

As indicated above, the actual amount to be allocated for Collection development in years 3-5 will depend on the adopted budget for the corresponding fiscal years.

NOTIFICATION

N/A

PREPARATION OF STAFF REPORT

Prepared by:
Steve Hargis
Strategic Initiatives Manager

Department Head Approval by:
Thomas M. DeSantis
Assistant City Manager

CITY COUNCIL GOALS

Revenue Diversification and Preservation. Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

Public Facilities and Capital Projects. Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

Positive Environment. Create a positive environment for the development of Moreno Valley's future.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development
- 2. Public Safety
- 3. Library
- 4. Infrastructure
- 5. Beautification, Community Engagement, and Quality of Life
- 6. Youth Programs

Objective 3.1: Open a satellite branch library by December, 2017.

Objective 3.2: Expand the library's technology program to enhance job readiness in our community.

Objective 3.3: Partner with outside organizations to expand the range of workshops and programs provided to the community.

ATTACHMENTS

- 1. agreementAmendmentLSSmallBranch
- 2. agreementLSS170815

APPROVALS

Budget Officer Approval	<u>✓ Approved</u>	7/31/17 11:00 AM
City Attorney Approval	<u>✓ Approved</u>	8/03/17 7:16 AM
City Manager Approval	<u>✓ Approved</u>	8/03/17 11:36 AM