

CITY OF OAKLAND
AGENDA REPORT

2009 DEC -3 PM 5:05

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Oakland Public Library
DATE: December 15, 2009

RE: **Informational Report To City Council Regarding The Oakland Public Library's
Tool Lending Library And The Potential For Revenue Enhancement Through
The Enactment Of A Fee For Use**

SUMMARY

During the budget discussions, the City Council requested additional information about the costs and operations of the Oakland Public Library's (OPL) Tool Lending Library and the possibility of instituting a fee for use of the Tool Lending Library services. The proposed fee would be \$35 for unlimited annual tool check-out, or \$10 for one-time tool check-out. Based on the circulation figures, OPL estimates that a fee for use of the Tool Lending Library has the potential to generate \$55,085 in revenue annually. OPL expects that roughly 839 people, or 16% of active registered Tool Lending Library borrowers with accounts in good standing would buy an annual membership at the cost of \$35, generating \$29,365 in revenue per year. OPL further expects that an additional \$25,720 could be generated through the one-time tool borrowing fee.

FISCAL IMPACT

This is an informational report. There is no fiscal impact associated with this report. At City Council direction, however, staff will return to City Council with a proposed ordinance for action by the City Council. It is projected that a fee for use of the Tool Lending Library could generate an additional \$55,085 in annual revenue. Total annual cost of the Tool Lending Library, including personnel, is \$169,366.

BACKGROUND

OPL's Tool Lending Library is located in the basement of the Temescal Branch Library. After the Oakland Hills Firestorm of 1991, the Temescal Branch established a small Home Resources Collection to help residents with their rebuilding and repair projects. A tool-lending library was considered as an extension of these efforts, and was finally launched on January 8, 2000 with seed money from a Community Development Block Grant.

Tool Lending Library services are currently available to all OPL cardholders residing within OPL's jurisdiction (the cities of Oakland, Piedmont, and Emeryville). Patrons must sign a separate borrowing agreement specific to the Tool Lending Library before being able to borrow tools.

OPL's Tool Lending Library is a rare, but not totally unique service. There are approximately two dozen other tool lending libraries throughout the country. The public library systems in

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Berkeley, CA, Grosse Pointe, MI, and Burlington, VT offer free tool borrowing to patrons. Additionally, the cities of Loma Linda, CA, Orem, UT, and Columbus, OH offer free tool lending library services to their residents, independent of the public library. The majority of tool lending libraries are privately run, usually by local non-profit organizations. Most are free, but restrict borrowing to residents within a specific geographic area. Five charge annual fees for use. These membership fees range from \$15 to \$30 per year.

At the Tool Lending Library, OPL cardholders may check out tools free of charge for a three day period, and may renew tools up to two times, except for certain high demand items, which are not renewable. Fines for late tools range from \$1 to \$20 per day, depending on the value of the tool.

The Tool Lending Library is a very popular OPL service. For FY08-09, the total circulation at the Tool Lending Library was 34,816 check-outs and renewals, a 14% increase over the previous year, and 1.3% of the OPL's total circulation.

The Tool Lending Library is staffed by one full-time Senior Library Assistant and one part-time Library Assistant. It also shares two temporary part-time employees, one Library Assistant and one Library Aide, with the Temescal Branch Library. The total budgeted personnel costs for FY09-10, including salary and benefits, for the Tool Lending Library are \$154,630. Tool repair and replacement is covered by a \$14,736 materials budget, bringing the total annual cost for the Tool Lending Library to \$169,366.

OPL has 8,613 registered Tool Lending Library borrowers, 5,751 of whom have borrowed materials from OPL in the past year. Roughly 50% of Tool Lending Library patrons reside in the North Oakland area, in zip codes 94608, 94609, 94611, and 94618, and the remainder are spread throughout OPL's service area. Specific data about use of the Tool Lending Library (or any individual branch) by individual patrons is not retained by OPL, in order to protect patron privacy.

PROJECT DESCRIPTION

The City Council, at its June 30, 2009 meeting, requested additional information about the possibility of instituting a fee for use of the Tool Lending Library services. The proposed fee would be \$35 for unlimited annual tool check-out, or \$10 for one-time tool check-out.

Because library circulation software systems are not designed to accommodate fees for service, if OPL were to institute a user fee for the Tool Lending Library service, OPL would have to create a separate card for Tool Lending Library patrons. Patrons would purchase this card at the Tool Lending Library using cash or check (OPL is not equipped to accept payment via credit or debit card). This card would entitle the patron to unlimited Tool Lending Library borrowing for a period of one year. Regular OPL patrons would also have the option of borrowing tools without purchasing a Tool Lending Library membership, at a cost of \$10 per tool, paid at the time of check-out.

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KEY ISSUES AND IMPACTS

The separate membership card has the advantage of creating a clear distinction between the fee based services and general library services, which are assumed by the public to be free.

The membership card would allow OPL to market the Tool Lending Library independently of other services, and the creation of separate patron records for the Tool Lending Library would give OPL the ability to more accurately track Tool Lending Library usage and fines. A fee for service would also help defray tool replacement and maintenance costs. There would be a small cost (under \$2,000) to OPL to purchase the separate tool cards.

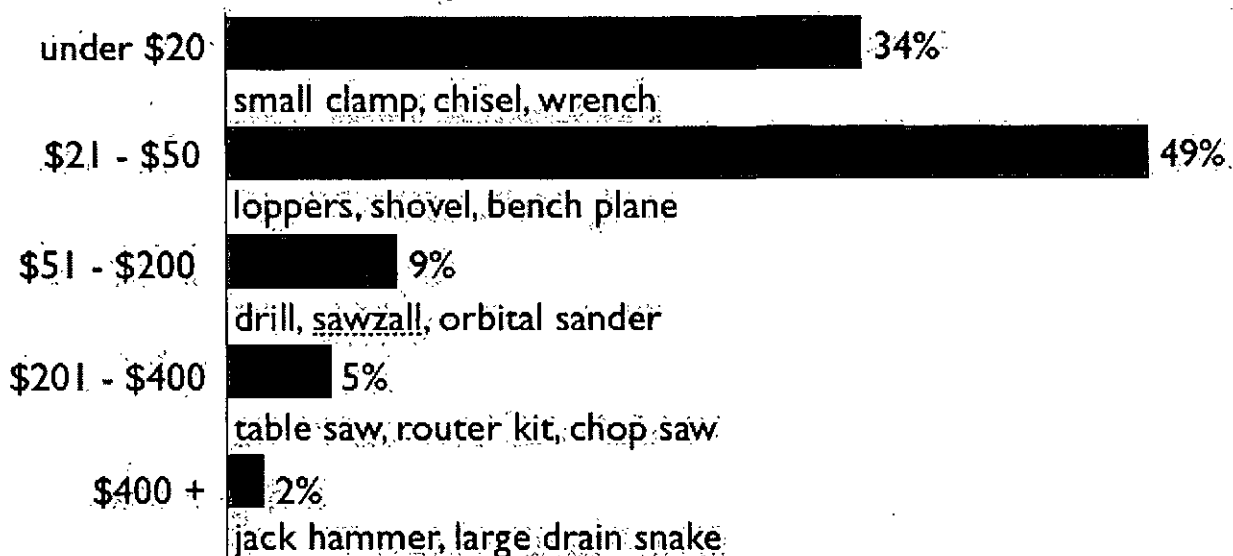
It is difficult to predict the amount of revenue that could be produced through an annual membership fee for the Tool Lending Library, because data about the frequency of individual patron use is not retained due to patron privacy concerns.

Tools valued at \$50 or less represent 83% of the Tool Lending Library's total circulation. These are primarily hand and garden tools. OPL's experience has been that patrons who visit the Tool Lending Library on rare occasions (once or twice a year) are generally requesting specialized, though not necessarily expensive, tools. Examples of this type of tool include a basin wrench, snap ring pliers, water meter keys, a self-feeding drill bit for drilling many holes through studs, or a pvc pipe saw.

For most of the Tool Lending Library's frequent users, a \$35 annual fee is a reasonable charge for the services provided, and should not be a deterrent to continued patronage. However, a \$35 cost will be prohibitive for some patrons, including those who are most dependent on the Tool Lending Library's services. It is also possible that a membership fee will create increased expectations about the level and quality of services offered at the Tool Lending Library among some borrowers.

Infrequent Tool Lending Library users who are looking for inexpensive tools may opt to simply purchase the tool rather than pay a borrowing fee and a possible late fee. It is anticipated that infrequent patrons borrowing more expensive tools would most likely be willing to pay a one-time borrowing fee, and frequent users would most likely be willing to pay \$35 annually. The chart below illustrates the Tool Lending Library's FY08-09 circulation broken down by the tool cost. Examples of tools that fall into each category are provided for each value.

FY08-09 Tool Lending Library Circulation by cost of tool



Based on the circulation figures, OPL estimates that a fee for use of the Tool Lending Library has the potential to generate \$55,085 in revenue annually. OPL expects that roughly 839 people, or 16% of active registered Tool Lending Library borrowers with accounts in good standing would buy an annual membership at the cost of \$35, generating \$29,365 in revenue per year. OPL further expects that an additional \$25,720 could be generated through the one-time tool borrowing fees. Circulation at the Tool Lending Library would likely decrease somewhat.

OPL could also explore alternative fee structures designed to mitigate the impacts of the new cost to patrons, such as requiring the paid membership only for tools valued over \$20, charging a smaller fee of \$5 for one-time use of tools valued under \$20, or keeping the Tool Lending Library free for borrowing, but offering additional privileges such as longer loan periods and higher checkout limits for patrons who elect to purchase an annual membership.

SUSTAINABLE OPPORTUNITIES

There are no direct sustainable opportunities associated with this report.

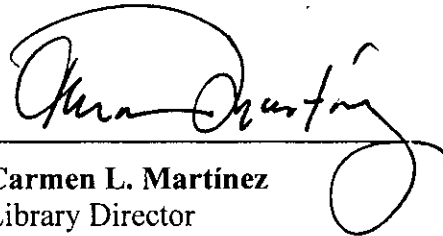
DISABILITY AND SENIOR CITIZEN ACCESS

There are no direct disability and senior citizen access opportunities associated with this report.

RECOMMENDATION (S) AND RATIONALE

This is an informational report and therefore staff recommends that City Council accept this report. At City Council direction, however, staff will return to City Council with a proposed ordinance for action by the City Council.

Respectfully submitted,

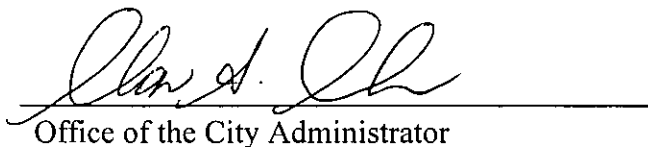


Carmen L. Martinez
Library Director

Reviewed by:
Gerry Garzón, Associate Director

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APPROVED AND FORWARDED
TO THE FINANCE & MANAGEMENT COMMITTEE



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