Public-Private Partnerships for Library Operations: a guide for local governments

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Introduction

Many citizens are surprised when they hear the extent that government uses the services of the private sector. Whether it’s federal or local, governments of both stripes simply cannot function without the support of companies. From technology for national defense right down to trash removal and library operations at a local level, companies are needed because they offer efficiency, innovation, simplicity, expertise, technology, and citizen satisfaction.¹

Library operations in particular offer an opportunity for local government to improve service levels, ease fiscal pressures, and eliminate many time-consuming administrative activities—just think about the number of invoices and payrolls that must get processed every month. Reflecting a mindset of what’s best for the community, cities and counties across the country have embraced the public-private partnership model to operate libraries. This brings an added benefit of renewed faith in fulfilling the mission of cities and counties for making their community a great place to work and live.

This guide provides local government executives a deeper understanding of how to think about public-private arrangements for their libraries and how these can become admired examples of citizen service.
Chapter 1

Hard Choices

Local governments operate in an environment much different than it was even a decade ago. Level or declining revenues, increasing service demands, escalating healthcare and pension costs—all have combined to create what the Government Accountability Office calls an ever-increasing “fiscal gap.” According to the GAO, the fiscal gap reached historic proportions in 2015.2

The challenge can be stark: fund mandated services such as police and fire departments at the expense of ancillary services such as libraries. In its 2015 report, The State of America’s Libraries, the American Library Association found that 62% of America’s public libraries continue to struggle with the effects of level or decreased funding.3 It even suggested that level or decreased funding for public libraries has become the “new normal.” 4

What to do? The traditional answer has been to reduce operating hours, or even close branches. And books and materials—the cornerstone of resources offered by libraries—don’t get updated and technology upgrades are slow to occur.

Then there’s a ripple effect: buildings don’t get the maintenance and improvements to accommodate modern technology, collections and programs. In short, every aspect of library management and operations is affected, and the community can suffer as libraries lose their relevance.

Coming up next, we delve into the thinking of professional associations on government and private sector collaboration.
Standing Behind Every Government are Private Companies

Pooling public and private resources is not new. In fact, use of the private sector has become standard operating procedure for local governments, too, according to the International City Management Association (ICMA). Construction, maintenance, landscaping, trash removal and even non-emergency ambulance trips are just a few services fulfilled by companies.

Libraries offer a great way to extend this model. The American Library Association looked at this with a major study and concluded that use of private companies “... has been an effective managerial tool, and when used carefully and judiciously it has resulted in enhanced library services and improved library management.”

Why don’t more governments “privatize” libraries? Well, that’s a trick question. When governments privatize a function they turn over all the assets and control to a private firm. If that were to happen, libraries would no longer be public and would be ineligible for grants and other funding. No one wants that.

So, the answer is that more governments can use private resources without privatizing, and they increasingly are following the partnership-based approach. In the next section we cover libraries that are doing this now.

Jackson County Oregon

In 2007, Jackson County, Oregon closed its libraries because its budget had grown to an unsustainable $8.5 million a year. When the 15 branches reopened under a contract with Library Systems & Services (formerly LSSI), County Administrator Danny Jordan, Jr., said the annual payments of $3.1 million to the company saved critical funds. Library Systems & Services continues to operate the Jackson County library system with a renewed contract in 2015.
The Path for Libraries Has Already Been Paved

Today’s libraries offer far more than books. Residents use these community centers to find jobs, take workforce development courses, engage in learning programs for all ages, receive public health and pro bono legal services, and interact with each other.11

It’s no longer enough to promote the library’s traditional mission of literacy. Different forms of learning and a range of community needs have pushed libraries to become platforms for education, recreation and economic development. Patrons use library technology to communicate and engage in gaming, while employers make decisions about relocation or starting a business based on the quality of the local workforce.

How do governments maintain high-functioning libraries that meet all these needs?

The collaborative model offers an example as states have embraced public-private cooperation for at least the past two decades. Local governments in California, Florida, Illinois, Kansas, Oregon, Tennessee, Massachusetts, New Jersey, North Dakota and are the early adopters of established contracts for library operations.12

Germantown Community Library

Tennessee’s Germantown Community Library faced a daunting reality when oversight changed from county to municipal control. The city had never operated a library before, so numerous functions and policies had to be implemented right away. Here’s how it has worked out since the city reached agreement for LS&S to operate it:13

- New library cards, up 23 percent
- Adult program attendance, up 22 percent
- Number of volunteers, up 19 percent
- Educational outreach programs, up 27 percent
- Teen programs, up 21 percent
- Children’s programs, up 16 percent
Chapter 4

The Rationale for a Library Partnership

Use of a private company for library operations is like any other tool of public management: know the problem you are solving, establish performance criteria, and measure them. The result will generate multiple, positive outcomes when it is researched, well designed, effectively implemented, and rigorously evaluated.\(^\text{14}\)

How’s that?

Research and think through what could fall under a partnership. The American Library Association offers a starting point in its 2011 report that identified commonly contracted services as collection development, programming, building maintenance, and ancillary services.\(^\text{15}\)

For city and county staff, the most popular benefits are:

- Ensuring quality service within budgetary realities
- Increased efficiency
- Access to specialized skills
- Greater citizen satisfaction

How will constituents react? Here is perspective: 67% of citizens in a Florida survey expressed support for government engaging the private sector to manage public libraries.\(^\text{16}\)

Such public support may have been the motivating factor for some localities to lead the way and create partnerships, while others as we describe next wait until they are forced to act.

Contracting Advantages\(^\text{17}\)

- Cost savings
- Access to specialized expertise
- Economies of scale
- State-of-the art information technology
- Flexibility in workload scheduling
- Reduction in red tape
Chapter 5

The Crisis as Catalyst

Historically, public officials wait for a crisis before discussing alternative service delivery options. Sometimes the crises develop gradually when there is:

- Low customer satisfaction
- No faith in ability to reform current system
- A lack of qualified personnel
- A transfer in responsibility for the library from one jurisdiction to another
- A cost crunch, such as when a local government can’t meet the capital needs of the library system

But why wait until a crisis, when there’s less leverage and a decision is forced?

A public-private partnership enables local governments to optimize delivery of library services. It often brings cost savings through volume purchasing, cloud-based technology, grant management and other best practices. And, there are opportunity costs of losing out on greater service levels, enhanced efficiency, and higher quality service. These don’t appear on the accounting ledger but they are nonetheless very real.

In the next chapter we talk about the checks and balances that governments can use to ensure the service levels it wants.
Chapter 6

Get the Right Data and Manage the Process

Will a private company cut hours, services or quality in the name of profitability?

If you start out looking for examples of companies that put profit first, you will find them. But modern service-level agreements guard against that and ensure a certain number of operating hours and other features for designated budgets. Other contract clauses need to specify control over policy, budgeting, and assets by the local governing body to prevent potential problems.²⁰

In any business relationship there are remedies to avoid, limit, or manage potential risks.²¹ Ask about a partner’s use of best practices, which can range from volume purchasing of books to less-obvious ones such as greater use of analytics to ensure peak performance. Also make it clear that employment opportunities will be offered to all current employees.²²

Companies with a long-term view don’t want to operate at low cost and with minimal services because that doesn’t serve the community well. This is supported by the research conducted over the last 30 to 40 years.²³ And, case histories of some library systems show how services have increased while budgets have decreased under an agreement with a private company.²⁴

A decision to combine public and private resources, like any policy decision, entails arguments both pro and con. However, an argument articulated is not an argument proven. Perform the analysis to determine where savings can occur and how services can increase. Ask about best practices such as staff continuity, assess the risk, then review the overall findings before deciding to engage a private partner.

Library metrics to evaluate against benchmarks²⁵

- Circulation, visitorship, and collection size as compared to other libraries
- Budgets (current and anticipated)
- Hours open
- Staffing levels
- IT status and future needs
- The extent of programming and its outcomes-oriented impact on the community
- The impact of volunteerism
Chapter 6 cont.

Get the Right Data and Manage the Process

Also, don’t overlook the impact of pension costs and other unfunded liabilities. These mandated outlays can curtail other operating and capital expenses across all government departments. A report by the Hoover Institution confirms the “need to bring local and state governments’ retiree benefits back to solvency before we see this vast epidemic limit the ability of state and local governments to provide adequate services.” 26

Only with a full view of the risks can you assess the opportunity for the savings and services of a public-private partnership.

In the following chapter we look in greater detail at another risk: the misunderstood definition of public-private partnerships.
Chapter 7

"They're Selling Our Library!"

Misinformation campaigns can get creative when discussions begin with a potential partner. Naysayers are passionate and want libraries to continue being a wonderful resource—as we all do. But they are incorrect when they label a partnership for library operations as privatization, which has the distinctive characteristic of the company taking ownership of facilities, holdings and equipment.

And, they miss the reality of what can happen to libraries when local governments have to make unpopular cuts to hours or collections in order to balance budgets.

Best Practices – Contracting for Library Operations

- Conduct stakeholder and an evidentiary analysis before making decisions
- Obtain subject matter expertise to analyze to help with evaluation
- Know the law
- Maintain or enhance current quality
- Keep policy/budgetary decisions & asset ownership with government
- Foster trust through transparency
- Issue detailed RFP
- Know that contract design/implementation/evaluation determines success
- Specify key terms and performance metrics in contract
- Address transition of library employees early & effectively
- Select partner with best strategic fit and background
- Design and implement a strong communications plan
Chapter 7 cont.

"They're Selling Our Library!"

The public-private partnership solution lets cities and counties retain ownership of their assets. Local officials still have the oversight they need to set direction and policies, while the corporate partner takes on the details of how to enhance services or minimize cost.

Often associated with public facility and infrastructure contracts, public-private partnerships represent a creative method in times of austerity. Recognizing their value, several states such as Florida, Maryland, Texas and Indiana have passed enabling legislation to promote the use of this model. Some local governments including Palm Coast, Florida have seized on the idea, too, with their own public-private partnership ordinances.

"They are incorrect when they label a partnership for library operations as privatization, which has the distinctive characteristic of the company taking ownership of facilities, holdings and equipment."
Chapter 8

Conclusion: Explore the Public-Private Option

In this guide we’ve shown how it is possible to combine public and private resources and deliver a high level of library service. If you’ve read this far, then you know that data, industry organizations and case histories all support the concept.

You also know that local government will be continually challenged to provide service across all departments. Short-term patches that keep departments funded accumulate into long-term problems that often cost more in terms of replacing infrastructure, attracting a broader tax base and positioning a city or county for an abundant future.

Know that creative solutions such as public-private partnerships are within reach. They can offer the needed cost benefits, keep libraries at the center of communities and maintain a high quality of life.

American Library Association study on library contracting:

- Contracting did not pose a threat to library governance
- Contracting had no negative impact on library services or management
- Contracting had no negative impact on interlibrary cooperation

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Other Resources

If a public-private partnership sounds like a good option, we have these no-cost tools to increase your understanding.

**Library Vitality Index**
Get a snapshot of where your library stands in terms of cost per visit, computer usage, program attendance and other performance metrics. You can even have it compared to neighboring libraries or state figures. All data is publicly available, interpreted by us and viewable in easy-to-read charts and plain language.

[Click Here to Get Your Report]

**Video**
Hear city and county leaders describe the outcomes they’ve experienced through a public-private partnership for library operations.

[Click Here to Watch the Video]

**LinkedIn**
Follow us on LinkedIn to stay up to date on public-private partnerships for libraries.

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References

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Dr. Saviak serves as assistant director of the public administration program at Flagler College where he has taught for the last decade. Prior to his academic career, he worked as a senior executive in local government. He is often asked to speak to audiences of policymakers and public managers on the strategies for successfully meeting the challenges facing local government in the 21st century. Contracting and public-private partnerships are a frequent focus of his training and presentations for local government officials.
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