

Delivery Report for SCLS Board of Trustees June, 2022

Prepared by: Corey Baumann - Delivery Services Coordinator

Cost Formula & Budget– Delivery:

The Cost Formula for Delivery was initially approved by the Delivery Committee on a 8-0 vote taken on June 9, 2022:

Delivery Committee

6/9/2022

Action Item: Delivery Cost Formula

Corey presented the cost formula to the Delivery Committee by highlighting its three major components: Volume Share, Stop Share (with truck discount), and Base Fee. In addition there is an amount of System State Aid that is applied and distributed to all participants.

Volume Share: A 3 year sample of all bins (baskets) that were shipped to and from each library location were tabulated and then each location was presented as a percentage of the total volume. That percentage is the share of the delivery cost associated with handling materials: sorting, loading, unloading, and time spent at library locations. These costs are primarily labor-oriented and can be calculated in direct relation to volume: Time spent handling correlates directly to amount of volume processed and moved by the delivery operation

Stop Share: Weekly stops were tallied up for each library location and reflected as a percentage against the grand total of all stops. The stop share is directly related to all costs encumbered by delivery related to transportation costs: (fuel, maintenance, supplies, repairs, insurance). This cost is divided across all participants equally to reflect a “postalization” of costs to be distributed evenly to members regardless of their distance from the delivery hub in Madison. Like mail, this category emphasizes the same cost per stop whether the location is 1 mile away or 150 miles away. The **Truck Discount** is applied at 15% for all locations served by a box truck rather than a cargo van. Why? The box truck aids us in efficiency by allowing more volume to move in groupings that are larger and affixed to carts. The cargo vans are smaller and require additional lifting and loading/unloading with generally lower-volume stops.

Base Fee: Every member location is assessed a \$1,000 base fee for participation in the network. It helps offset costs related to department and system administration and management.

Distribution of System State Aid: Annually, an amount of System State Aid will be applied to the cost formula structure and distributed to all members equally (as a percentage) based on the totals of the three main categories above. That state aid offers a reduction in the assessed fee for each library location.

Summarizing the Formula: Each library total fee (after State Aid Distribution) is tabulated with all other members within each of the 7 counties in South Central Library System. Those summary totals are then divided according to existing formulas within the county to arrive at the final direct fees to members for delivery services.

The new formula takes direct costs of providing delivery services and seeks to balance the application of fees across definable parameters to produce stable and understandable fee structures regardless of

library size, distance, or frequency. When changes to any portion of delivery service change, they will have less likelihood of impacting their neighbors. Additionally, any new services can be plugged in very easily to quickly come up with clear cost estimates for new service.

Corey shared the 2023 budgeted amounts for SCLS delivery as they have been estimated. The formula used those estimates to show that currently, 6 of the 7 counties have delivery fee reductions, while Dane County has an increase. This is due to two factors: One, the fee structure was built over time with some long-term legacy pricing that afforded some benefit to the Dane County area based on very heavy volume in the nearest areas. Two, the application of State Aid brought further savings to the 6 counties (and a smaller increase to Dane County).

Delivery Committee Action:

Motion to Vote on adoption of the new Cost Formula:

Motion: Leah Fritsche, Deerfield

Second: Jen Foster, Fitchburg

Vote:

The Delivery Committee voted

in favor of the new Cost Formula 8-0 with no abstentions.

(Leah Fritsche DEE, Renee Daley ROM, Jen Foster FCH, Angela Noel BRD, Todd Cox DCL, Jodi Bailey POY, Eric Norton MCM, Lisa Renier SKC)

Staffing:

For the summer, we remain staffed rather snug. We recently had the resignation of one of our part-time staff members, **Pete Nowak**. Pete joined us a number of years ago as a retiree from the University. He served us well with his enthusiasm and dependability and now will devote his time to his chores at home.

Additionally, we afforded some time to one of our full-time staffers to pursue a summer working experience with the Dane County Library Service. **Emily Baer** is transitioning to part-time status as she looks to broaden her experiences for a future career in library service.

This leaves us with less flexibility for the duration of the summer for adjusting to absences. However, the volume seems to have dropped somewhat to help us process our daily sorting without much holdover for the next day.

Fuel Pressure:

Gas prices today hover around \$4.89 per gallon for regular and diesel running \$5.25 to \$5.50.

I am asking our fleet manager Jesse Stewart to have an idea of how comfortable he is with maximizing our heavy truck fleet to better utilize our diesel units in this market. We will then work as a team to identify any changes to our route map that will help us be less reliant on these severe price spikes.

Our outlook on fuel invoicing appears to remain as it is into the depth of summer. Next year appears to have some reason for relief, but we are planning for our highest estimates in the fuel category in the last 9 years.

