



TO: Board of Trustees
FROM: Janet Van De Carr
DATE: June 12, 2014
SUBJECT: Library Revenue for DVDs and Video Games

(A) I was asked to speculate how much revenue the Library might collect if a \$1 charge to check out DVDs and Video Games was implemented. I have attempted to make an educated guess based on the information that is available and several assumptions based on past experience.

In addition to a discussion on how much revenue might be generated, I hope the Board will also discuss the Library's mission and if the Library should be charging people to check out any materials.

Questions to consider:

- Public libraries are not just about disseminating information; they also provide materials for leisure, entertainment, inspiration, literacy and enlightenment in a variety of formats to meet the needs of individual users. How are DVDs and Video Games less valuable than books, magazines, newspapers, audiobooks, and CDs in fulfilling the Library's mission?
- Are we discriminating against a specific format by imposing a fee?
- What is the difference between a DVD of The Book Thief and a print copy of The Book Thief? Why should the Library charge for one but not the other?
- (B) • By charging residents to check out DVDs and video games are they essentially being charged twice because their property taxes have already paid for these items?
- (C) • Are we discriminating against residents that do not have the means to pay for all of the items that they would like to check out?
- Video games are popular with young people that may not have ready cash to pay for the items they would like to check out; will charging to check out video games discourage their overall use of the Library?

Possible consequences of charging for DVDs and Video Games:

- Use of the collections will decline.
- In order to get around the fee, residents can set another library as a pick up point when placing a "hold". To avoid this we would have to restrict our DVDs from being sent to other libraries which may result in other libraries not filling our Interlibrary Loan requests.
- (D) • Will our residents choose to use neighboring libraries more often than their home library because they can check out all of the materials they want for free, and if so will this have a trickle-down effect on businesses in the Uptown area?

FY	Circulation DVDs/Videos	Revenue	% Increase	Video Games
2006/07	99,951	\$ 30,680		1,373
2008/09	174,042	No charge	74%	9,597
2013/14	229,305	No charge	129%	13,157

(E)

In FY2006/07 the Library circulated 99,951 videos and DVDs. Patrons paid \$1 to check out each item except: Non-fiction titles for both adults and children and films that were under 30 minutes in length. Revenue was approximately 31% of the total circulation for that year.

Alternatives to using the Library: Blockbuster, Hollywood Video, On Demand and Red Box.

In FY2008/09 there was no fee to check out DVDs and Videos and circulation increased by 74% over FY06/07 – the last full year that the Library charged \$1 to check out these items.

Alternatives to using the Library: Blockbuster, Hollywood Video, Red Box, On Demand, Netflix

In FY2013/14 the Library checked out 229,305 DVDs and Videos, and 13,157 Video Games. If the Library were to begin charging \$1 and if nonfiction titles and all films under 30 minutes were still free and if the reduction in circulation was only 50% (Library has more titles than in 2006/07):

Format	Circulation decrease	Segment charged fee	Estimated Revenue
DVDs	229,305 less 50% = 114,652	31% of 114,652 = 35,542	35,542 x \$1 = \$35,542
Video Games	13,157 less 50% = 6,578	100% of 6,578 Assumes \$1 charge for all video games including educational games	6,578 x \$1 = \$6,578
Estimated Revenue			\$42,120

Alternatives to using the Library: Red Box, On Demand, Netflix, YouTube, Hoopla and other free online sources

Variables:

- The ratio of fiction vs. nonfiction in the DVD collection is not the same as it was in FY2006/07; there are now fewer nonfiction items.
- We have no past experience charging for video games so it is difficult to predict an outcome.
- There are more sources for viewing films now than there were in FY2006/07 and many are free or low cost: Netflix, YouTube, Reddit, Hulu, Popcornflix, Hoopla

In FY13/14 the budget for AV and video games was 12% of the total budget for circulating materials. The annual circulation of these materials is 26.5% of the total circulation. If circulation is one of our “products”, this ratio indicates a positive return on our investment. It also reflects the current popularity of these formats.

(F)

If the Library imposes a fee, and even if the above estimates are correct, this is not a stable source of revenue. It is anticipated that we will see a gradual decline in the circulation of these materials as more residents stream or download directly from their home.

- A. Speculation is not a proven management tool.**
- B. Are the residents who pay a few hundred dollars a year for a Community Center membership “essentially being charged twice because their property taxes have already paid for” the Community Center? How about the residents paying for metered parking?**
- C. Has the Library ever attempted to perform any “means” testing? If not, how does it know who does or doesn’t have “the means to pay for all of the items that they would like to check out”?**
- D. Has the Library or any Uptown business ever attempted to objectively measure the “trickle-down effect” the Library has on Uptown businesses? Should the Library be managed for the benefit of Uptown businesses?**
- E. So in 2006-07 the Library generated \$30,680 from a mere fraction of 99,951 DVD and/or video check-outs. Two years later, after it stopped charging fees, its circulation (and related costs?) more than doubled to 229,305 items but generated ZERO revenue! That’s management by dementia.**
- F. So the Library is foregoing tens of thousands of dollars of user-fee revenue TODAY because those tens of thousands of dollars of user-fee revenue won’t be sustainable indefinitely? Seriously?**