

**BINDERY COMMITTEE
REPORT
April 17, 2007**

This document describes three options for VPL's bindery: a modified status quo; a reduced service bindery; a complete closure of the Bindery. Each option begins with a brief statement of what the Bindery might look like and what services it would provide. Operating costs are detailed, and use of the bindery space is dealt with. A summary of savings and expenses follows, including a net savings. Finally, each option ends with a service impact statement.

Throughout this document the following statements apply:

- When insource revenue is used to lower estimated operating costs, a gross revenue figure is used rather than a net revenue figure. This is because costs associated with insourcing are accounted for in the annual staffing costs and the annual material costs. Net revenue for insourcing is available in the document detailing insource potential.
- Vendor costs are estimated using available figures.
- Overhead costs have been removed from consideration.

In all scenarios Bindery is reduced in size ranging from a 25% reduction in space to an almost total reduction in space (represented by the closing bindery option). It should be noted that anytime space is reduced, annual operating costs decrease, and annual costs for producing products (binds, laminations, etc.) also decreases.

Data used in the creation of this report came from:

- Corrected annual statistics reports
- Bindery activity document
- Simple costing document
- Bindery product cost document
- commercial bookbinder survey results
- public library survey results

1. Modified status quo

The Bindery continues as it has. The vacant BB2 position is not filled (based on 2006/2007 performance to date, where internal work and insourcing were managed with reduced staff (4.80 FTE). Space reduced by 25%, retaining the milling room, and repurposing the remaining portion of the back area of the Bindery.

Total estimated operating costs: \$292,000

Staff costs	Materials	Revenue	Outsourcing	Net savings
\$267,105	\$40,926	\$16,000	\$0	\$69,000

Operating costs:

- staffing costs based on not filling vacancy created by retirement in 2006
- materials cost based on 2006 activity, but may decrease given projected binding needs
- Savings arrived at using full operating cost of \$361,031 (staffing cost of \$320,105, and 40,926 for material costs)

Revenue generation:

- Using existing resources, allowing up to 10% of bindery supervisors time to be spent on marketing, and with continued support from current and new customers, revenues should meet projection of \$16,000.

Utilization of space:

- Space reduced by 25%.
- Requires a one-time cost to move equipment and reconfigure space.

Service impact:

- No impact to current customer service levels
- No impact to current collection maintenance standards
- Bindery retains the ability to respond to varying system demands in the present and future.
- An additional 1,000 sq. ft. from the back area of Bindery becomes available for repurposing.
- VPL incurs a one-time cost to move equipment and reconfigure the space.

MAP OF BINDERY SHOWING SPACE REDUCTION

2. Reduced service Bindery

Bindery continues to provide the same variety of services, but at reduced levels, with reduced staffing (3.80 FTE). VPL reduces the number of new materials requiring treatment and selects alternate less costly treatments, reduces the number of books rebound by 30%, and reduces the number of periodicals purchased in hard copy or retained as bound volumes by 50%. Space is reduced by 25%, retaining the milling room, and repurposing the remaining portion of the back area of the Bindery.

Total estimated operating costs: \$218,000

Staff costs	Materials	Revenue	Outsourcing	Net savings
\$210,000	\$20,000	\$12,250	\$0	\$143,000

Operating costs:

- staffing costs based on not filling vacancy created by retirement in 2006, and eliminating an additional 1.0 FTE.
- materials cost based on guestimate (50% of 2006 budget)
- Savings arrived at using full operating cost of \$361,031 (staffing cost of \$320,105, and 40,926 for material costs)

Revenue generation:

- Revenue projection decreased due to reduction in available staff

Utilization of space:

- Space reduced by 25%
- Requires a one-time cost to move equipment and reconfigure space.

Service impact:

- No immediate visible impact to current customer service levels
- An additional 1,000 sq. ft. from the back area of Bindery becomes available for repurposing.
- VPL incurs a one-time cost to move equipment and reconfigure the space.
- Space is gained for Newspapers and Magazines by reduction in serial retention.
- One advantage at this time is that there has been a 2nd vacancy at the BB2 level, reducing the personal impacts of this option.
- Any reduction in staffing costs would also lower Bindery annual production costs (used in simple cost calculations), however in this option output is also reduced.
- Negative impact for non-computer literate customers wishing to access serials available only in electronic formats – one factor driving the decision to move to electronic resources, is the opportunity to reduce subscriptions to hard copy serials, and reduce need to bind those serials
- LMT: above statement has nothing to do with binding issues, it is a collection development decision.
- Bindery ability to respond to varying system demands in the present & future may be compromised.
- Projecting from 20% decrease in periodical binds (2006) and drop in branch and division rebinds for 2007 of 45% in January and 41% in February, which reflects the change in system needs due to floating collections. Bindery staff should be able to meet VPL binding needs and related work with reduced staff
- If assumption that binding needs are decreasing is incorrect and quotas are found to be insufficient, material that is worn out is either circulated in poor condition or discarded. Book budget may experience increases in replacement costs.
- LMT: there is no evidence that collections or book budgets will be effected.

MAP OF BINDERY SHOWING SPACE REDUCTION

- Processing costs transferred to other areas – Preparations would be applying more labels, tattle-tape, and book-tape
- No more 48-hour rush material (new and repair) without costs beyond regular vendor fees – would result in RUSH criteria being examined.
- Need to send out new material for treatment or increased cost to purchase vendor-processed material
- LMT: VPL pretreats much more than other library systems. Needs to examine cost benefits.
- Loss of a service that is responsive to VPL needs exclusively. Staff and through them, the public have been accustomed to this level of service.
- LMT: public service will not be impacted.
- Need to reorganize Tech. Services workflows to accommodate outsourcing
- Unknown turn-around time for materials
- What is not immediately evident is the actual \$ amount saved. Material still needs to be treated, and cost of vendor contracts need to be weighed against any savings realized through closing the Bindery.
- CUPE 391 – Costs of outsourcing binds would influence collection maintenance decisions, resulting in increased replacement costs, and a collection that is not maintained to current standards.
- LMT: needed material will still be bound, there is no evidence that replacement costs will increase or that our current bindery decisions are the best use of budget.

If at any time in the future an in-house bindery was determined to be an asset, it would be almost impossible to bring back.

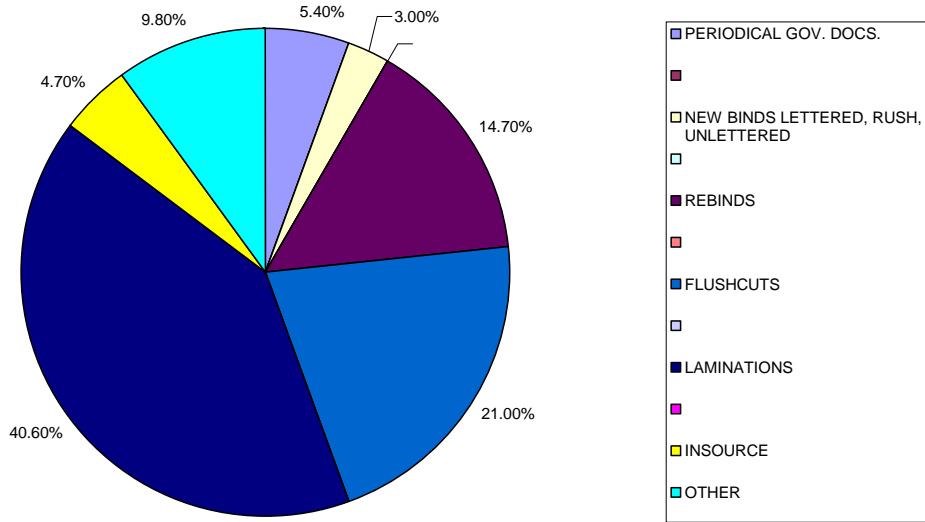
MAP OF BINDERY SHOWING SPACE REDUCTION

APPENDIX A

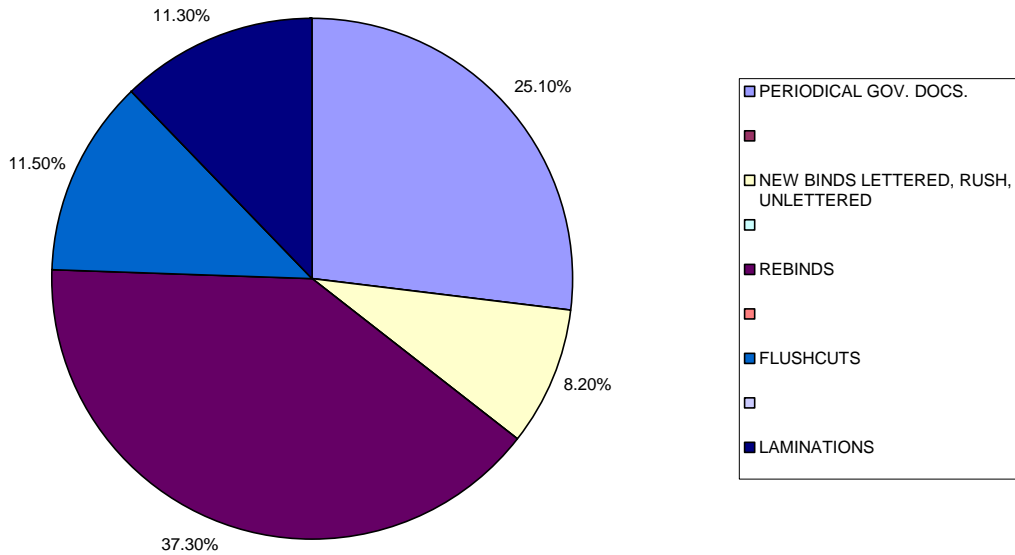
**Bindery Activity Levels
Bindery Statistics
Periodical Binds activity 2005/2006**

Insert EXCEL document:

BINDERY OUTPUT PERCENTAGES IN SELECT CATEGORIES



PERCENTAGE OF TOTAL BINDING COSTS IN SELECT CATEGORIES



Lettered and unlettered new and RUSH binds, flushcuts, and laminations all represent forms of pre-treatment given to new materials.

The following table provides the 2006 annual costs to VPL for the listed categories.

TYPE OF MATERIAL	ANNUAL COST
New binds, lettered	\$1,993.68
New binds, unlettered	\$10,129.87
Rebinds, lettered	\$17,069.74
Rebinds, unlettered	\$42,684.4
Rush material, lettered	\$608.4
Rush material, unlettered	\$422.41
Periodicals & Government Documents, full binds	\$28,623.00
Periodicals & Government Documents, Wraps	\$7,600.66
Periodicals & Government Documents, Special Collections	\$82.25
Periodicals & Government Documents, Northwest	\$3816.40
Flush cuts (new material)	\$18,441.76
Laminations (new material)	\$18,020.13
Cutting time (non-binding work done for internal customers (Printing, YACR, Marketing, etc.))	\$937.97
Drilling time (non-binding work done for internal customers (Printing, YACR, Marketing, etc.))	\$245.89
***TOTAL	\$160,009.60

This total represents only work for which there was a unit cost. Approximately 10% of bindery work (generally more costly and time-consuming work) is not included due to lack of available unit cost at this time.

Insert Periodical Binds statistics from Corinne here.

APPENDIX B

Bindery products – per item costs

PRODUCT	LABOUR	MATERIALS	TOTAL COST
Laminations	\$ 0.82	\$0.01	\$ 0.83
Flush Cuts	\$ 1.47	\$0.11	\$ 1.58
New Binds - Lettered	\$ 6.97	\$2.39	\$ 9.36
New Binds - Unlettered	\$ 6.54	\$1.43	\$ 7.97
Rebinds - Lettered	\$ 6.94	\$2.13	\$ 9.07
Rebinds – Unlettered	\$ 5.69	\$1.43	\$ 7.12
Periodicals Glue Wrap	\$ 6.95	\$1.43	\$ 8.38
Periodicals Full Bound	\$13.86	\$2.59	\$16.45
Red Stripe Wraps	\$ 1.50	\$1.28	\$ 2.78

To determine the actual cost of various Bindery products and services a detailed cost analysis was undertaken in March 2007. Collection of data and calculation of costs was performed by Linda Woodcock, Head, Catalogue Division and Bindery, and Ed Dickson, Supervisor, Bindery. Due to time constraints, costs could not be calculated for less common categories of material due to insufficient data.

The methodology used was to track the time needed to complete various tasks, sum the total time needed to produce a given output and calculate the labour cost for that time. Cost of materials for each treatment was also calculated. Overhead costs (utilities, value of space) were not included.

Labour cost was calculated using the hourly rate of each classification and multiplying that rate by 1.45 to account for the cost of benefits. This follows the method used to cost projects at VPL under the advisement of Eric Smith, VPL Director of Corporate Services. (note: there are no steps for journeyman Book Binders)

Given that we may need to go through an RFP process it would be wise to ensure that this information is not shared with commercial binders.

APPENDIX C

Simple costing

In their November 9, 2006 report (Executive summary, Key Finding #5), Endeavor Management Services Inc. provided a unit cost based on selected categories measured against the full operating costs of the VPL Bindery. This resulted in the inflated figure of \$11.17 per item.

Overhead is included for this calculation as it is being compared to figures in the Endeavor Management Services Inc. report

The following table provides a unit cost that reflects the total output of the VPL Bindery, based on 2006 costs and activity/output statistics.

	Per item cost excluding gross revenues from insourcing	Per item cost factoring in gross revenues from insourcing
Basic cost per item	\$5.99	\$5.80
Basic cost per item, including material costs	\$6.75	\$6.57
Basic cost per item, including material and overhead costs	\$9.00	\$8.81

While a unit cost is attractive, it is not accurate, even from year to year, because it does not capture the complexity/time/labour of one type of item versus another. In addition special projects can artificially inflate statistics, or show a false decline in need, unless a much broader perspective than a few years is used for comparison.

APPENDIX D

**Revenue generation from insourcing
Bindery insource revenue, bar graph
Bindery insource revenue, past activity
Insource revenue, billed**

PROJECTED REVENUES FROM INSOURCING FOR 2007

Billed revenue from January 1, 2007 to April 12, 2007 = \$3,390.00
(revenue from VPL staff orders excluded from above figure)

Revenue from VPL staff = \$1,610.00
(excluded for this calculation since it included an annual one-time order which would skew projection estimate)

Unbilled revenue from January 1, 2007 to April 12, 2007 = \$3,120
(revenue from VPL staff orders excluded from above figure)

Estimated monthly revenue = \$968.57
(does not include staff orders or unbilled customer revenue of \$3,120)

Projected revenue for next 8.50 months = \$8,232.85

Projected annual revenue from insourcing for 2007
\$16,352.85

Projected net revenue
\$6,278.28

The following table details billed and unbilled revenue generated from insourcing up to April 12, 2007. New customers are marked ***.

CUSTOMER	GROSS REVENUE	NET REVENUE (staffing cost, material cost only)
VCC, King Edward Campus Library	\$45.00	\$16.92
College of New Caledonia, Prince George Campus Library ***	\$573.50	\$234.13
City of Vancouver Print Shop ***	\$750.00	\$282.00
Langara College Library	\$375.00	\$177.50
Vancouver Art Gallery ***	\$36.75	\$14.20
Pemberton & District Library ***	\$60.00	\$22.56
West Vancouver Memorial Library	\$228.00	\$111.20
Whistler Public Library	\$193.00	\$90.04
Mulgrave School	\$272.00	\$114.64
City of White Rock ***	\$180.00	\$95.76
Prince Rupert Public Library ***	\$534.00	\$199.54
Terrace Public Library	\$142.75	\$67.87
VPL staff	\$325.20	not available
Total billed revenue	\$3,715.20	\$1,426.36
Vancouver School Board (material rec'd but not yet billed)	\$2,490.00	\$830.00 (est)
Kitimat Public Library *** (material rec'd but not yet billed)	\$630.00	\$250.00 (est)
VPL staff (material rec'd but not yet billed)	\$1,284.80	not available
Total revenue Jan.01/07 – Apr.12/07	\$8,119.20	\$2,506.36 (est)

Taxes and shipping costs are paid by the customer and are not included.

Word about the possible closure of our bindery is out. Some potential clients have expressed surprise that we are still operating – this represents lost revenue. One quote... “We were told you were closing so we’ve been looking for someone else to send our material to...”

The ability of the bindery to solicit new customers, or respond to large insource orders has been hampered by the following:

- Bindery supervisor is a working supervisor – pursuing additional customers means neglecting supervisory duties, and bookbinder I functions – only possible if this is a management supported initiative (ie. Replacement time) – this has not been the case at this time
- Bindery has been operating short-staffed since 2006 retirement of a bookbinder II. The position has not been filled at this time – since serving the VPL clientele is bindery’s first priority, this hampers their ability to respond to outside clients

In spite of this, a number of regular and new customers have been serviced this year. Some of these clients are a result of the marketing effort made at the 2006 BCLA conference, others are unsolicited.

In addition to new customers that have already sent in material, the following have committed to send material this year:

- Powell River Public Library
- Surrey School Board
- College of Physicians and Surgeons Library
- Government of the Yukon, Energy and Mines Library (will be sending box of material for rebinding)
- Northwest Community College, Terrace

The north of the province is underserved, and shows potential for direct marketing efforts. While orders are likely to be small, collectively they could be worthwhile.

Apparently northern B.C. had been served by an itinerant bookbinder who worked independently and at Papyrus Printing in Williams Lake and Prince George. One new client also mentioned that binding work was done in Williams Lake, but the service had recently been discontinued. This would explain the sudden interest in our binding service from areas to the north.

In addition, it appears there may be additional opportunities in the Yukon and Alberta. Another area worth pursuing with a direct marketing campaign are academic libraries and other government libraries (provincial/municipal).

A successful insource campaign needs to include the following:

- Target a niche market
- Receive marketing support to promote and advertise service to target market

- Business plan detailing period of time for building business, preset measures to evaluate growth, etc. For example, what model was used to evaluate InfoAction?
- Adequate staff to respond to business demands

A quote received via e-mail from Ed Dickson...

“Wow, the insourcing interest is really heating up! I hope it is not too late in the day. However, I received another phone call and request for our brochure from Northwest Community College in Terrace. Again, it was a referral. It would seem that when we can make some inroads into a new area (in this case the north), word of mouth is working in our favour. All the follow ups I have done with new customers are very favourable. I have to believe there is a large amount of work still available if we can get the word out to the right people.” Ed

Letters of commendation from satisfied customers:

From: Kathleen Larkin <kathleen@princerupertlibrary.ca>
To: ed dickson <eddic@vpl.ca>
Sent: Thu, 15 Mar 2007 09:13:57 -0700
Subject: Bindery Shipment

Good Morning Ed -

The newly bound books have arrived back here - they're fabulous! Many thanks! I'm putting together another box for you and will write with the titles when it's already to go.

With best wishes, Kathleen

Kathleen Larkin
Interlibrary Loans
Prince Rupert Public Library
101 6th Avenue West
Prince Rupert
British Columbia
Canada
V8J 1Y9
Telephone (250) 624-2738
Fax (250) 627-7743
e-mail kathleen@princerupertlibrary.ca

Insert insource bar graph – Corinne working on

Insert Bindery – insource revenue list of past customers and revenues, from Corinne

Insert document showing billed revenue for 2007.

APPENDIX E

**Library Survey
Commerical Bookbinder Survey**

VPL LIBRARY AND COMMERCIAL BINDERY MARCH/APRIL 2007 SURVEY SUMMARY

As a follow up to the survey of libraries conducted in 2006, additional in-depth questions were asked of previously surveyed libraries plus some additional library systems similar to Vancouver Public Library. Surveys were sent to commercial book binders to ascertain service and pricing.

LIBRARIES:

The responses from libraries indicate a wide range of practice. Answers varied in depth of detail making comparisons difficult.

All libraries surveyed outsourced some or all of their binding needs. The New Brunswick Public Library Service Technical Services Department cited in the December union presentation as having a bindery, has been using Lehmann Bindery for 25 years. It is not clear if this was due to misunderstanding the initial question -they do treat material as described, but by sending it to a commercial bindery.

Of the libraries surveyed 4 out of 8 used vendor services for pre-treating new material. They considered this part of their materials budget, not part of their binding budget. At VPL pre-treatment of material is done through the bindery, and is considered part of the binding budget. This makes for inaccurate comparisons.

COMMERCIAL BINDERIES:

The response to this survey was most disappointing. Despite assurances of confidentiality, only 1 commercial bindery responded with cost breakdowns as requested. Three of the binderies responded to parts of the survey but were unable to provide per item costs since these charges change depending on the order size. One of the binderies contacted refused to participate in the survey.

Due to the inconsistency of responses, and lack of meaningful data, the committee agree to include this survey for interest only. It would appear that the only reliable means of obtaining actual costs would be through an RFP/RFI process.

Insert library and commercial bindery surveys