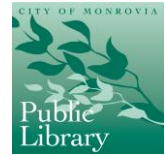




**CITY OF MONROVIA
LIBRARY BOARD
AGENDA REPORT**



DEPARTMENT: Community Services
Library Division
PREPARED BY: Linda Granicy,
Acting Library Division Manager

MEETING DATE: February 27, 2014

AGENDA LOCATION: AR -2

TITLE: Library DVD Rental Fee and Revenue Analysis

OBJECTIVE: To provide the Library Board with an evaluation of the DVD rental fee and revenue.

BACKGROUND: The Audiovisual Collection, consisting of popular movie DVDs, was implemented with the Library's grand opening in May 2009. Staff developed the movie DVD collection based on award winners, critically reviewed films and popularity. The initial collection was funded by the Library Division's Expenditure Control Budget (ECB) savings in the amount of \$26,586.

The Library Board approved a rental fee for DVDs in 2009 to offset the cost of new titles and replacements, and to keep the collection entirely self-sustaining. Collected revenue would also purchase supplies needed to maintain the collection, such as security and replacement cases. A fee of \$2 per title was approved, allowing a three day loan period, and a maximum of three DVDs checked out per library card.

ANALYSIS: The initial popularity of the DVD collection resulted in revenue of \$12,025 in fiscal year 2009-10, the highest amount to date. The combination of an aging collection and current popular titles has resulted in waning rentals, evidenced by decreased revenue over the past three years. A November 2012 Library Journal article* reported 27 percent of respondents borrowing/renting from their library as their primary source of movies, a decline from the 36 percent reported the previous year. The article also showed an increase in interest for streaming services, reporting 17 percent preferred services by Netflix and Amazon, compared to 3 percent the previous year.

*November 15, 2012, **Library Journal**, *DVD Circ Holds Steady*

According to an August 2012 Library Journal/Digital Shift article**, vendors have responded to this trend by providing streaming video services. These vendors include Library Ideas, Midwest Tape, OverDrive and Recorded Books.

August 2, 2012, **Library Journal/Digital Shift, *Patron Preferences Shift Toward Streaming*

As expected, commercial vendors are leading the way with streaming services. The top five rental service providers are shown below. Each video service features different formats and content. Their pricing structures may guide libraries in creating their own in the future.

AR-2

Commercial DVD Rentals					
Service	Netflix	Vudu	Hulu Plus	Amazon Instant	ITUNES
Cost	\$7.00 per month unlimited stream	\$4.99 to rent HD movies	\$7.99 to watch unlimited per month	\$3.99 to rent HD movies	\$4.99 to rent HD movies

The following table compares Adult DVD and Youth DVD collections over the years. The chart includes circulation, number of titles owned and number of titles purchased.

ADULT DVDs	2009-10	2010-11	2011-12	2012-13
Circulation	4,400	4,318	3,397	2,845
Number of Titles Owned	843	1,034	1,272	1,418
Number of Titles Purchased	843	191	238	146
YOUTH DVDs	2009-10	2010-11	2011-12	2012-13
Circulation	2,047	1,835	1,243	1,001
Number of Titles Owned	556	644	647	669
Number of Titles Purchased	556	88	3	22

DVD Rental Fee Survey Results: Most libraries in the Southern California Library Cooperative (SCLC) charge a rental fee for DVDs, especially for entertainment/feature films, which comprise the core of the Monrovia Public Library's collection. Educational/documentary videos are usually free. Libraries in nearby communities charging a fee include Alhambra, Altadena, Azusa, Burbank Covina, Downey, El Segundo, Monterey Park, San Marino, Glendale, and Sierra Madre. Libraries that have no fee allocate a significant portion of their materials budget to audiovisual materials. These include Arcadia, Glendora, Pasadena, and South Pasadena.

Library Check Out Fees for DVDs	
Library	DVD Rental Fee
Alhambra Public Library	\$3.00
Altadena Public Library	\$1.00/3 days, \$2.00/7 days
Azusa Public Library	\$1.50
Burbank Public Library	\$1.00
Covina Public Library	\$1.50
Downey Public Library	\$1.50
El Segundo Public Library	\$1.50
Glendale Public Library	\$1.00/day
Monterey Park Public Library	\$1.25
San Marino Crowell Public Library	\$2.00
Sierra Madre Public Library	\$1.00
Whittier Public Library	\$1.00
Average Fee	\$1.44
Monrovia Public Library	\$2.00

The average rental fee for surrounding libraries is \$1.44, compared to Monrovia's \$2.00.

ENVIRONMENTAL IMPACT: There is no environmental impact associated with this report.

FISCAL IMPACT: The average fee for library DVD rentals, according to the survey results, is \$1.44 compared to Monrovia's \$2.00. The Library currently purchases approximately 22 titles a month, or 264 titles per year, requiring \$6,200 in revenue to sustain the collection at this current purchasing level.

ADULT DVD BUDGET	2009-10	2010-11	2011-12	2012-13
Revenue	\$8,217	\$8,094	\$5,960	\$4,872
DVD purchases	3,763	4,049	2,556	2,048
DVD supplies	1,039	1,065	1,071	0
Circulation	4,400	4,318	3,397	2,845
YOUTH DVD BUDGET				
Revenue	\$3,808	\$3,432	\$2,291	\$1,796
Expenses	991	2,365	1,127	648
Circulation	2,047	1,835	1,243	1,001

STAFF COMMENTS: Based on the trend of library rental fees decreasing from an average of \$1.66 the previous year to \$1.44 this year, competition from streaming video services and \$1 RedBox/Blockbuster video kiosks at supermarkets, Staff recommends decreasing the fee to \$1.00 per title.

Decreasing the fee would decrease revenue by half, but this could have the potential of increasing circulation, thereby making up for the loss. If decreasing the fee fails to increase circulation, reducing the number of titles purchased per year is the likely outcome. Staff requires \$6,200 in revenue to continue purchasing 22 titles a month. As of February 2014, the Library's DVD revenue surplus is \$25,000.

OPTIONS: The Library Board has the following options to consider:

1. Decrease the rental fee from \$2 to \$1.
2. Maintain the rental fee at \$2.
3. Direct Staff to explore other options.

RECOMMENDATION: Staff recommends the Library Board approve option one as outlined in the report.

LIBRARY BOARD ACTION REQUIRED: If the Library Board concurs, the appropriate action would be a motion to: Approve option number one, ***Decrease the rental fee from \$2 to \$1.***