

MHLS REPORT TO THE DIRECTORS ASSOCIATION JUNE 7, 2012  
MIKE NYERGES - EXECUTIVE DIRECTOR REPORT

1. **MTA Tax Refund:** Thank you Dutchess and Putnam County libraries for sending me your payroll and MTA Tax information for the state fiscal year April 2010-March 2011. Member libraries paid a total MTA tax of \$33,500! I'm still getting only vague answers as to when member libraries in Dutchess and Putnam can expect a refund.

**2012 Revised Budget:** The System Funding Task Force met on May 15 to discuss a draft of a revised 2012 Library System budget, which included a one-time reduction in the member assessment of \$36,000, \$20,000 for ebooks, and \$90,000 for reserve funds.

The System Funding Task Force decided to propose a one-time members assessment reduction of \$56,000. They would do this by adding the \$20,000 that was proposed for ebooks to the \$36,000 planned for the fee reduction.

The Task Force takes this proposal to the DA on June 7. If supported by the DA and approved by the DA at its July meeting, the proposal would go to the MHLS Board for its approval in July. This would give members time to redirect these funds to local needs.

The System Funding Task Force, however, meets again on June 18 to consider the amount that is still expected to exceed the allowed contingency fund balance of \$150,000, which could be as high as \$90,000. A year-end transfer of some amount to the members capital fund is a consideration. Projected costs for Sierra and placement of Sierra in the cloud will need to be reviewed as part of this consideration. It's understood that the DA reserves the right to determine the use of any funds transferred to the member's capital fund, which is the standing agreement between the Library System and the DA.

There was a feeling among directors that if Mid-Hudson did not need the increase members agreed to provide in 2010, then the amount not needed should be retained by the members. There was also a recognition that one good year does not make for a trend and that no matter how the budget is revised in 2012 member libraries will still need to budget for full assessment in 2013.

The System Funding Task Force was in favor of member libraries stepping up to the plate in support of additional ebook purchases, but felt that the DA had already voted to raise an additional \$6,600 by assessing member libraries on their ebook usage.

Tom Lawrence, from Dutchess County, chaired the May 15th meeting. Gloria Goverman was also present from Dutchess. Linda Deubert from Greene County was there; Pat Kaufman, Gillian Thorpe and Jeanne Buck were present from Putnam; Sally Alderdice attended from Columbia; Julie Kelsall from Ulster. Absent were Sukrit Goswami from Ulster and Debra Kamecke from Greene.

2. **E-Readers and Overdrive Update:** As of May 15, there were some 48 e-readers for loan in 16 Mid-Hudson Library System libraries. The first, a Color Nook, was introduced in January 2011. Three-quarters of the e-readers are Nooks, which are seen to be easier to manage than Kindles. The readers have circulated a total of just under 400 times.

On May 23rd, 53% of Mid-Hudson's 1,900 e-books were in circulation; 47% were available for loan. Only 28% of the approximate 1,200 downloadable audio books were on loan.

Compared to this time last year, the number of patrons who have borrowed and downloaded from Overdrive so far this year is up 259% to just about 1,770 patrons; the number of ebooks loaned has increased 253% to 8,200 loaned; loans of downloadable audio books increased 110% .

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3. **Overdrive and Ownership:** Concern has been expressed by a number of directors about continuing to invest in e-books when we may not actually own the content.

In my reading of our Overdrive contract, Overdrive provides us a service to aggregate, manage and ensure the copyright protection of the content we purchase and, setting aside the need for us to independently and directly license the content from the copyright holders ourselves, the content is Mid-Hudson's. Mid-Hudson's contract with Overdrive ends November 2013.

There are a couple of other library systems that are reconsidering their Overdrive contracts. Their contracts also have the pre-Kansas State contract language that is in ours. And they also believe they own the content but do not have the licenses to loan the material independently of Overdrive.

Finger Lakes Library System's contract expires in the spring of 2013. Polaris, which is their integrated library system, has entered into an agreement with 3M. So, FLLS may be considering switching over their Overdrive content to 3M.

Monroe County Library System will be renegotiating their Overdrive contract later this year. They have had some preliminary discussions with their County Attorney, who agreed that MCLS owns their Overdrive content.

4. **Beyond Overdrive:** Overdrive does have competitors, such as 3M. Library Ideas just announced an ebook service similar to its Freegal music service. So there will be a number of options to consider as we position ourselves to move forward with Overdrive.

And, I was very encouraged by what I learned in the PLA webinar on May 8 with Jamie LaRue from Douglas County Library. Douglass County Library developed its own ebook platform and, like Overdrive, uses the Adobe Content Server for digital rights management. Jamie LaRue claimed this approach was actually slightly less expensive than continuing with Overdrive.

We'll need to form a group sometime in the spring of 2013 to prepare for renegotiating our Overdrive contract. We should also know a lot more about Sierra and how it will embed Overdrive content by then as well.