

**DALNET Finance Committee
University of Detroit Mercy
McNichols Campus
August 20, 1999**

Agenda

- 1) **New Member Proposals**
 - a) **Marygrove College Library**
 - b) **Greenfield Village Library**
 - c) **Schoolcraft Community College**
 - d) **St. Claire Community College**
 - e) **Rochester College**

- 2) **DALNET Budget**
 - a) **FY 99/00 DALENT Budget Review (NOTIS phase out, Horizon upgrades)**
 - b) **FY 00/01 DALNET Budget Preparation (Horizon expansion / upgrades)**
 - c) **FY ½ DALENT Budget Planning (Review specific cost savings)**

- 3) **New Business**

- 4) **Old Business**

- 5) **Adjournment**

DALNET Finance Committee Minutes
August 20, 1999 9:30 a.m.
University of Detroit Mercy Library
McNichols Campus

Present: M. Auer, UDM; J. Bosler, MCC; Robert Holly, WSU; B. Harris, WSU;
P. Jose, OCL;
Guest: L. Bugg, WSU.

1) New Member Proposals

Discussion was continued on DALNET / Im@gine proposals to be made to specific institutions for services / pricing.

It was reaffirmed that the DALNET Marketing Coordinator, Dee Callaway will create marketing procedures for Board members to follow in soliciting new members, information providers and customers. The intent is that the DALNET Marketing Coordinator will become proactive in making marketing contacts across the seven county area. In order to achieve this end, the Board has made a commitment to fund the DALNET Marketing Coordinator position on a 2/3 to 1/3 basis. DALNET will be paying 66% of the salary; WSU is paying for 33% of the salary

a) Marygrove College Library

Marygrove College has requested a financial proposal from DALNET. The Finance Committee considered the three options outlined in the Financial Guidelines. It was agreed to make a proposal over a five year period. The Marygrove College proposal will be based on the number of MARC records that the library has to convert to Horizon / Im@gine. The proposal will be made up of several components: a capitalization cost, an annual fee, and conversion costs.

Committee members projected a five year cost plus the added yearly inflation increase. In order to make the proposal attractive DALNET will assume conversion costs up to a specified amount. The allowance for conversion costs will not exceed \$10,000.

Marygrove will need to run two systems for a short time while it migrates from its old to new system. The expense involved will be a concern for Marygrove that will need to be confronted. Pre-planning was considered as to when payment to DALNET should begin. Because DALNET will have out-of-pocket expenses in bringing up Marygrove, the Library will be asked to provide \$20,000 up front, before work can begin on their migration.

The timelines for Marygrove conversion were considered. Setting a schedule for implementation will depend on Marygrove's Innovative Interface contract and how quickly they can disengage from it.

DALNET contractual language requires that Detroit Public Library must be formally asked to accommodate new members at their Help Desk. WSU will talk to DPL i.e. Bob Harris will talk to Maurice Wheeler.

The Image database may be considered an extra cost since the site license could be \$3,000 per site plus \$1,500 per day for training. However, another interpretation could be that DALNET might be construed as a single site and has already paid for the site license. In addition, the DALNET Systems Office staff would need to be trained and then can provide training to the other DALNET members. These costs need clarification from Bill Easton before Marygrove is promised access or given a price quote for this module.

Interest will be collected on any capitalization cost not paid upfront. The consideration for interest will be negotiated but should not prejudice a final agreement. It should be understood that Marygrove will be liable for any capital improvements over the term of the agreement.

Greenfield Village

The Greenfield Village Library has an automated library system which is not Y2K compliant. Dee Callaway will make a contact with Patricia Orr, the Director at the Greenfield Village Library. The current proposal which was verbally quoted to Greenfield Village several months ago was reviewed. A written quote is appropriate. In the event that money is an issue, guidelines were discussed as to what the DALNET negotiating position would be. The same parameters used to structure the Marygrove proposal will be used in structuring the Greenfield Village proposal. The same limit on conversion cost will be offered. Questions to be resolved are: Does Greenfield Village have a grant to implement a system? How close are they to making a decision? Where are they in their process to find a new system? Is money / cost an issue in choosing DALNET / Horizon / Im@gine.

Schoolcraft College Library

Schoolcraft College Library has asked for a DALNET quote. Because Schoolcraft is a feeder school to the DALNET four year academic institutions and because Schoolcraft is located geographically in a position to help enrich the DALNET databases and reciprocal borrowing access, it is proposed that Option 3 be exercised, if necessary.

Since DALNET is at stage 1 with Schoolcraft, there are still three options to be considered: 1) low up front and high annual costs, 2) high front and low annual costs and 3) negotiation.

Dee Callaway will be asked to schedule a meeting with Bob Harris, WSU and Roy Nuffer, Schoolcraft College, to talk about their financial requirements and service needs. Such a meeting must determine what Schoolcraft is looking for, what they expect, and the number of MARC records they have to convert. It would be an advantage to find out what their current and projected Dynix costs are. If and when Dynix makes a Horizon migration proposal to Schoolcraft, it would be helpful to know those figures as well.

DALNET will market a 5 year plan with value-added, reciprocal services. Pricing for Schoolcraft will include conversion costs up to \$10,000, plus licensing. The annual cost of inflation will be an additional cost that cannot be itemized at this time.

DALNET will make an inquiry with Lana Porter, Ameritech CEO, regarding Dynix cost and proposal information to see if DALNET is competitive.

St. Clair County Community College

Dee Callaway will be asked to contact St. Clair County Community College. Efforts will be made to assess any Dynix proposal which they may have received. If necessary Option 3 will be used to create an attractive proposal for St. Clair to gain a foothold in that county. All three options will be considered. The financial guidelines were set a bit higher for St. Clair since it was thought that their holdings are larger.

Rochester College

Dee Callaway will be asked to make a contact and begin marketing DALNET to Rochester College. Rochester is at the beginning of their system search. They will be determining whether they wish to choose a networked system or a stand-alone system. Rochester does not have an Internet connection which is a consideration in acquiring DALNET / Im@gine.

Cleary College

Dee Callaway will be asked to contact Cleary College and to make a preliminary visit. Cleary College should be added to the list of libraries that DALNET is tracking with the idea of marketing to their needs.

Marketing and Tracking

The Finance Committee recommended that a pert chart be created where all the potential contacts for new members are tracked with projected time-lines. These libraries include: the Macomb Region of Cooperation, the Warren Public Libraries, the Troy Public Library, Henry Ford Community College, Washtenaw Community College, Monroe Community College, Monroe Public Library.

In the meantime, the TLN Libraries should be discretely tracked as well. Contacts should be made with the Farmington Public Library and the Rochester Hills Public Library. A presentation could be made to the TLN Futures Committee: call Eileen Palmer and Michael Dellar

Budget Planning / Horizon Upgrades

The Finance Committee discussed a number of ways to finance Horizon Upgrades and other additional expenses.

There was a question as to whether DALNET should ask Ameritech to waive its Horizon licensing fee for new participants during the first year. Members of the Finance Committee were reluctant to make such a request of Ameritech since there are a number of issues pending where consideration and compromise will be necessary.

Short term and long term cost issues were considered. It is thought that the DALNET / Im@gine system will need additional memory on its current servers or an additional server to accommodate new database enhancements for which DALNET has already contracted (the Sunrise enhancement). In addition, more server space may be necessary as DALNET brings up new members. Potential expenses are: upgrading the test server: \$15,000, making the DPL server equal to the WSU server: \$72,000, an additional new server and software for the Sunrise enhancement, and new unplanned Horizon upgrades and/or requirements.

There is an immediate question. Does DALNET need to upgrade the DPL server before the Sunrise enhancement is ready?

In order to mirror the WSU server the DPL server must be upgraded. In addition, an equipment upgrade may be necessary to mount the Sunrise enhancement. The servers might be upgraded by adding disk storage. However, little is known about the Sunrise enhancement and it is not clear how much of an upgrade will be required. The Finance Committee is reluctant to recommend and plan to finance this upgrade until more is learned about the requirements. In the meantime, the DALENT Systems Office will continue to monitor the Sunrise issue.

The Finance Committee will recommend to the Board that the upgrade for the DPL server be postponed recognizing the risk that if the system goes down, the equal access planned for the DPL server may not operate.

FY99/00 Budget Review

Because the DALNET budget is based on the premise that NOTIS will be terminated before December 31, 1999, there are no funds to pay for the continued operation of the NOTIS system after January 1, 2000.

It was recommended that in the event that a member library needs to continue on NOTIS, such member(s) will become individually responsible for the cost of NOTIS operation. Three month or quarterly extensions are available at \$120,000 per quarter. Because of the need for rigid budget compliance at individual DALNET member institutions, the choices of those institutions who continue to need NOTIS are: to underwrite the costs or not have a system.

An additional provision was mentioned. Member institution that need to download data from the NOTIS system for archival / operational purposes will be billed for the service. This procedure applies to all modules, but is applicable specifically to the acquisitions module where downloading such information may be necessary to maintain audit trails.

The Board will be provided information regarding the current budget year. The DALNET Treasurer was asked to create a grid for each individual member institution. The grid should compare what was paid this year by the respective institution to DALNET with inflationary increases for next year. The grid should demonstrate what the potential inflationary increases would be at 1%, 1.5% and 2%. The potential merits of the figures will be discussed at the next Board meeting.

The Finance Committee discussed the need for a capital reserve fund. Aside from equipment upgrades, changes to the original partnership agreement may also cause an increase in expenses. Ameritech is offering new, enhanced modules which are not specified in the DALNET Partnership Contract. For example, DALNET has contracted for Reportsmith, which is report writing software. In the meantime, Ameritech has just begun to offer, Wizzard, an improved report writing tool that members will probably want to utilize. An additional cost for Wizzard can be expected.

The Finance Committee considered the immediate need for a capital reserve fund. Finance Committee members wished to establish what moneys are available to create a capital pool. DALNET can consider some cost reallocation since it has saved money in some of its budget line items. The Help Desk at Detroit Public Library is not operational. While some of the staff for this desk have been hired, a cost savings has occurred because it is not yet up and running. Additional savings have occurred in other areas of the DALNET budget for this fiscal year. Some of these funds have been designated by the Board to subsidize the increase in hours for the DALNET Marketing Coordinator position. Nevertheless, the money not expended in this fiscal year's budget can be put into a capital reserve fund to collect interest.

A recommendation to the Board will be made that DALNET should begin to fund a capitalization effort with the savings realized from the 1999/2000 budget. Each of the member institutions will be credited proportionately based on the payments which they have made.

FY 00/01 Budget Review

The Finance Committee requested that the Treasurer present a FY00/01 Budget at the next DALNET Board Meeting for approval. A meeting to consider and plan this budget should be held before the next Board meeting. A Finance Committee Meeting is scheduled for October 8, 1999 at University of Detroit Mercy, McNichols Campus, 9:30 a.m. for this purpose.

Budget Implementation

Agenda action items for the next Board Meeting, October 11, 1999, were reviewed. Marketing and budget issues were discussed based on the suggestions recommended by Finance Committee members.

- a) Capital Reserve Fund - money not expended for the Help Desk and for the DALNET System Manager position in FY99/00 should be placed in a capital reserve fund. Board approval will be sought to move the money saved from the operations budget to a new capital, reserve fund.
- b) FY 99/00 Budget to be reviewed and adopted. Clarify Help Desk actual costs with DPL.
- c) FY 00/01 Budget to be reviewed and adopted.
DALNET System Manager position was discussed. This is a 18 month position beginning March 22, 1999 running to September 30, 1999. A number of considerations were outlined. Additional budgeting for this position should be considered for the 00/01 budget.

Note: DALNET members agreed to a four year plan. The figures outlined in the plan have been utilized to create the budgets, with the approval of the budgets by the Board, the process is on track.

Other Business

The Health Information Breakfasts are being planned for October. It was suggested that DALNET add a scenario for Information Providers. DALNET can offer to link the health information provider web site to DALNET and to other global informational resources. In addition, DALNET can index and / or catalog the Information Provider web site. Recommended pricing will be a) \$100 annual maintenance fee per year, b) \$100 set up fee . Electronic cataloging can be offered: 10 records @ \$150

It was suggested that an incentive plan should be offered to sign up information providers as quickly as possible. For the first six Information Providers, a charter designation can be given and the first year annual fee waived upon payment of the set up fee. Board approval will be sought for this recommendation.