



Date: February 25, 2011
To: Chair J.J. McCament and the members of the PCLS Board of Trustees
From: Dale E. Hough, Finance Manager
Re: Review of PCLS E-Pay

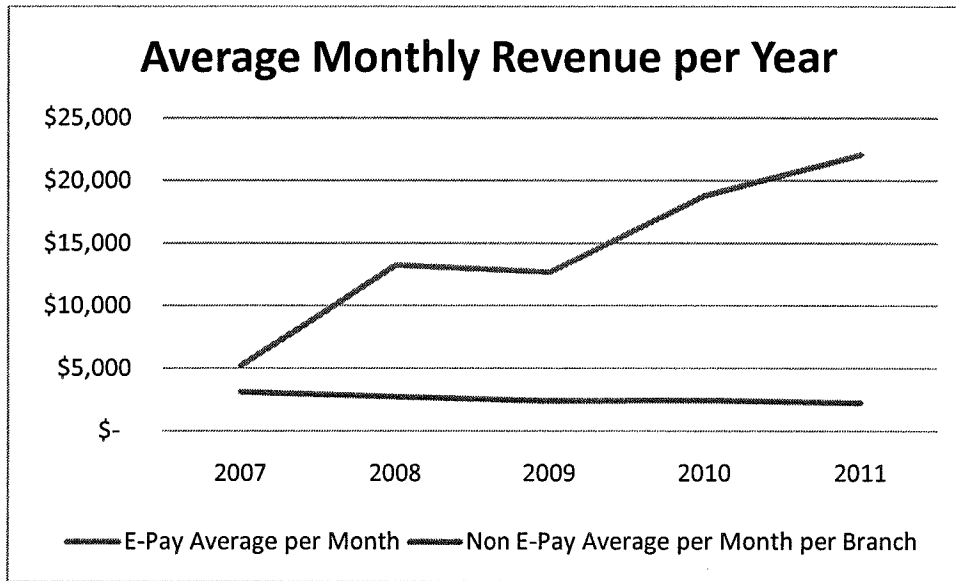
Early in 2007, we heard the call from our Patrons. They were requesting that they be able to “charge it”. Georgia Lomax gave the approval to start the work necessary to create the infrastructure to accept credit card payments. It would be for fines, fees, and repayment of the cost of lost and damaged materials. The system we named **E –Pay**, called for an integrated approach between several Departments including Branch Services, Information Technology and Finance. We discovered that it also required a coordinated approach between several systems including our own Polaris, our Financial system, PayPal/VeriSign and the Bank of America. We also discovered that there are fees associated with this option. We spend about 5.5% of the E-Pay revenue for bank and PayPal fees.

After months of hard work, in May 2007, we started accepting credit card payments, but only via the internet. We began by accepting VISA and MasterCard debit or credit cards. The first few months were slow as Patrons (and Staff) became familiar with E-Pay as a payment option. Our E-Pay gross receipts for 2007 totaled \$57,196 or about \$5,200 per month. In comparison, average Branch revenue just about \$3,100 per month. We could see that E-pay had the potential to positively impact our fee type revenue significantly. Total patron payments were just over \$686,000 for the year. E-pay represented 8% of the total.

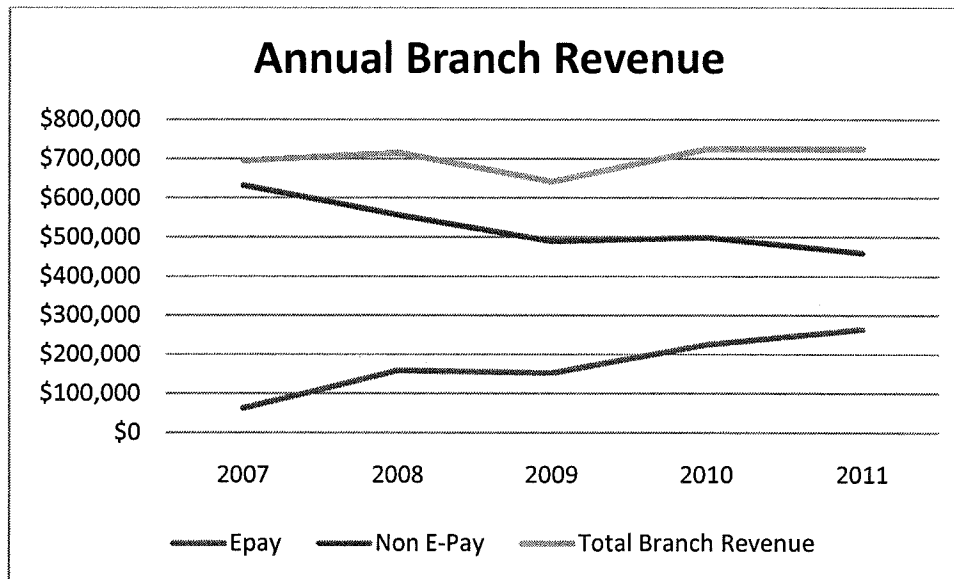
2008 was the first full year of E-Pay. We realized gross revenue of \$158,976 (22% of Branch Revenue) directly from Patron credit card payments. Non E-Pay revenue from each Branch started to slip. Our average Branch revenue per month dropped to \$2,728 while E-Pay jumped to \$13,248. Overall, our total Branch generated revenue increased by \$29,046 (4%) to \$715,437.

In 2009 total branch revenue was affected by our Amnesty program. The percentage of revenue from E-Pay was steady at nearly 24% (\$152,456 of \$640,645). Non E-Pay Branch revenue slipped for the second year in a row to an average of just under \$2,400 per branch per month, E-Pay averaged \$12,705.

2010 heralded some major changes in our E-Pay program. The first was an increased number of Express checkout stations being rolled out and outfitted with credit card swipes throughout the System. This improvement allowed Patrons to pay in the Library and not need to go “online”. Additionally, we moved to start accepting Discover and American Express cards. The results have been promising. More Patrons are using self-serve payment options (Express Checkout and online) and have greater flexibility and choice as to which card they use. E-Pay revenue jumped to 31% of all Branch revenue (\$225,617 of \$725,112). Non E-Pay branch revenue increased on average by 2% to \$2,448 per branch per month. E-Pay averaged \$18,801 monthly. So far, during the first six weeks of 2011, we have generated \$33,132 via E-Pay (average of \$22,088 per month). This represents 37% of our total Branch revenue of \$90,579. If this trend continues, 2011 could be our best year yet in collecting fees, fines and payments for the replacement of lost or damaged materials via E-Pay. Further, in keeping with our plan of providing more self-service opportunities, E-Pay is definitely a winner!



Trend for Patrons to pay using their Credit card is increasing.



Revenue is staying relatively stable while E-Pay increases and manual payments at the counter to a staff seem to be decreasing.

In order to better identify the source of E-Pay (Online or Branch Express Check terminals); we now have the capacity to create a report showing the source and distribution of E-Pay activity. The initial results are as follows and seem, with few exceptions, to closely replicate our normal allocation of revenue from Branches:

Branch – 2011 YTD	% of Total
E-Pay – Online	36.2%
Gig Harbor Library	10.1%
South Hill Library	9.8%
Parkland/Spanaway Library	6.7%
Lakewood Library	6.1%
Graham Library	5.5%
Bonney Lake Library	4.7%
Sumner Library	4.7%
Summit Library	3.5%
DuPont Library	2.8%
University Place Library	2.5%
Orting Library	2.1%
Milton/Edgewood Library	1.9%
Steilacoom Library	1.1%
Buckley Library	0.9%
Eatonville Library	0.8%
Key Center Library	0.6%
Tillicum Library	0.0%
Total	100.00%

Respectfully Submitted by
DALE E. HOUGH
 Finance Manager, PFO, CPFIM
 February 25, 2011