

January 14, 2020

**TO: RAILS Board**

**FROM: Mark Hatch, Delivery and Facilities Director**

**SUBJECT: Facility and Delivery Studies Update – February 2020**

## **Background**

In the RAILS strategic plan, one of the main objectives is to ‘Work with the Illinois State Library, Illinois Heartland Library System, and other stakeholders to improve physical delivery services through standardizing operations and evaluating alternative methods and best practices.’ Over the last year, the Delivery staff has worked with two major entities to evaluate all aspects of the operation: Laboratory of Applied Spatial Analysis (LASA) and Greg Pronevitz, a library consultant focused on library logistics and delivery. These studies both investigated and provided recommendations for delivery on gaining greater efficiencies, improving workflow, and considering the possibility of reducing the physical footprint of operations.

## **Laboratory of Applied Spatial Analysis (LASA)**

LASA conducted a statewide review of the current delivery hub locations for RAILS and the Illinois Heartland Library System (IHLS) service areas. Their investigation concluded:

- Current delivery hub locations are sufficient to service the members, but routing optimization between those locations should be considered.
- Routing optimization would eliminate the current Local Library System Automation Programs (LLSAP) delivery in favor of a system that prioritizes geographic proximity.
  - For example, many libraries on routes currently serviced by the East Peoria hub could be better served by the Coal Valley hub, which is closer to those libraries.
- These efficiency route changes are relatively easy to make because of the regular hours for routes and exchanges.

## **Greg Pronevitz (Logistics and Delivery Efficiencies)**

Greg Pronevitz completed Phase One of his efficiency project, focused on evaluating the cost effectiveness of relying on outsourcing for some aspects of delivery. Mr. Pronevitz met with member libraries, held five delivery focus groups, and visited all RAILS delivery service hubs to observe workflow performed by libraries and RAILS drivers and sorters. Data from the February 2018 delivery satisfaction survey was also reviewed.

Potential scenarios to consider for RAILS included:

1. Efficiency potential of returning all work to RAILS in-house staffing
2. Efficiency potential of returning partial work (sorting only) to RAILS in-house and continuing to outsource deliveries to independent contractors hired by Continental Transport Logistics (CTL)
3. Efficiency potential of keeping operations as is

*Conclusion:* Greg Pronevitz's Phase One report suggested there is no financial incentive to return the currently outsourced deliveries for RAILS to in-house control because there will be no significant cost advantage and he does not see an overall improvement of the quality of service with these changes.

Phase Two (investigate if other hubs are better candidates for outsourcing) and Phase Three (investigate additional automation processes for implementation) will continue later this year and we await those conclusions.

### **Coal Valley Hub**

To complete the LASA recommendations for route optimization, we must reevaluate our Coal Valley hub because of existing size and structural limitations of the delivery/sorting space. The current sorting space is an insufficient size and structural capacity to expand the operations needed to optimize the routes. A new hub space in the general vicinity would need to be identified. We would like to proceed with a facility search to relocate the delivery operation. PrairieCat staff is currently housed in the Coal Valley building. We would like to start a conversation with PrairieCat to take ownership of the existing property via a lease-to-own contract.

### **East Peoria Hub**

LASA also proposed a recommendation to use the East Peoria area as the statewide delivery exchange point where materials are exchanged nightly between RAILS and IHLS. Implementation of this recommendation would equalize the mileage driven between the two systems.

RAILS currently leases two properties in the East Peoria area – one to house our delivery operation and one that houses the RSA staff.

- In order to serve as the statewide delivery point, the facility in East Peoria would need to be slightly larger with a different floor plan. If the new statewide delivery exchange point is adopted, a new facility would need to be identified before moving forward.

- The second property in East Peoria houses RSA. The current building layout lacks the flexibility to add the additional staff that RSA has determined it needs. A major reconfiguration of the floorplan could accommodate the addition of staff.
  - The current lease agreement is a month-to-month plan with a 60-day out clause. In order to proceed with the necessary modifications, a longer term lease of 2 to 5 years would be required.
  - Staff is gathering additional information from property owner Legacy Properties on construction costs and lease terms.

### Potential Timeline for Next Steps

1. RAILS Staff would investigate properties for a larger delivery hub space in the Coal Valley area that would accommodate the route modifications. *Timeline: Immediate*
2. RAILS Staff would explore negotiating with PrairieCat about the possibility of leasing the existing Coal Valley property under a lease to own contract. *Timeline: 3 to 6 months*
3. RAILS Staff would discuss the possibility of a 2 to 5 year lease and reconfiguration of the floorplan in East Peoria with Legacy Properties. *Timeline: 3 to 6 months*
4. RAILS Staff will work with the ISL and IHLS to investigate the possibility of a statewide delivery point in East Peoria. If this can be established, RAILS staff would work to relocate the East Peoria operation to a larger facility. *Timeline: Dependent*

## RAILS Facilities Summary 2020

Facility	Address	Landlord Name and Contact Information	Staff by department	Lease Expires	Deadline for Notice of Renewal or Nonrenewal	Monthly rent	Monthly operational cost (utilities, repairs, cleaning & misc.)	Early Termination Clause	Can Sublet? (Yes/No)	Comments	Recent improvements	Pending projects	Current issues
<b>Bolingbrook</b>	1000 W. Crossroads Parkway	<b>Midwest Industrial Funds</b> landlord/property manager 773.355.3048 office 630.697.2214 cell	Delivery (22)	31-Jul-21	120 days prior to extension period but not greater than 270 days	\$8,423.30	\$1,542.00	sublease only	Yes	1st extension period: June 1, 2019 - July 31, 2020 2nd extension period: August 1, 2020 - July 31, 2021	Installation of 24" ceiling fan in the warehouse	None	
<b>Burr Ridge</b>	125 Tower Dr	<b>RAILS</b>	Admin (10) HR (2) Communications (4) Delivery/facility (2) Finance (5) IT (8) Resource Sharing (2) CE/Consulting (3)	N/A	N/A	N/A	\$14,005.00	N/A	Yes	Property owned by RAILS	Kitchen area and washrooms	None	
<b>Coal Valley</b>	220 W. 23rd Ave.	<b>RAILS</b>	Delivery (6)	N/A	N/A	N/A	\$2,033.00	N/A	Yes			None	N/A
<b>East Peoria</b>	600 High Point Lane	<b>Legacy Commerical Property</b> 2500 Lehigh Ave. Glenview, IL 60026 847.904.9107 Russell McConnell	RSA (12) Delivery (13)	31-Mar-19	NOT SPECIFIED. "expiration date" shall mean the last day of the sixtieth (60th) full calendar month in which the Fixed Minimum rent commencement date occurs, unless sooner terminated as hereinafter provided.	\$10,083.00	\$1,579.00	sublease only	Yes	Establishing a two year agreement with a 60 day out clause		None	
<b>Rockford - Colt Rd.</b>	4607 Colt Road	<b>***RECEIVERSHIP***</b> Eric Janssen, as Receiver #14 932 West Grace St. Chicago, IL. 60613	Delivery (6)	31-May-19	Requires 180 days prior to expiration	\$2,127.14	\$1,004.00	sublease only	Yes			None	None