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TO: RAILS Board of Directors

FROM: Joe Filapek, Associate Executive Director
Mark Hatch, Delivery and Facilities Director

SUBJECT: 9.3 CTL Delivery Contract

Over the past few months, RAILS staff have evaluated several different contract renewal options from our delivery contractor Continental Transportation (CTL). CTL currently provides delivery and sorting services for RAILS to support interlibrary loan for member libraries primarily located within Cook, DuPage, and Lake counties. After completing a thorough budgetary and staffing analysis for these renewal options, RAILS staff determined that the most advantageous option is to retain delivery services with CTL while reassigning sorting responsibilities for these routes to our Bolingbrook operation. We anticipate this hybrid approach will result in a combination of greater operational control contributing to improved sorting accuracy, projected savings that could exceed \$500,000 over a 5-year period when compared to the current annual increase proposed by CTL, and a continuation of delivery service that meets or exceeds our member's expectations.

While overall we are pleased with the work performed by CTL for our member libraries, a RAILS Delivery Study performed in 2020 found more mis-sorted items originating from CTL as compared with sorting done by RAILS delivery staff. We expect that our existing internal controls and robust staff training will result in fewer sorting errors across these delivery routes. On the financial side, the removal of sorting work by CTL from our contract will result in an approximately 18% reduction in our price-per-stop costs. Additionally, this no-sort option will eliminate the need for RAILS staff to perform a daily shuttle service between Bolingbrook and CTL. Finally, ten CTL delivery stops will be brought back in-house to be serviced by existing RAILS delivery routes. This modification alone will save RAILS over \$63,000 and is part of the total savings discussed above.

Operationally, RAILS will need to hire three new sorters for our Bolingbrook location to satisfy the additional sorting work previously performed by CTL. This work will also increase our space needs at this location. Fortunately, an additional suite adjacent to our current work area recently became available and will satisfy the space we need for the additional sorting volume. While these additional staff and facility expenses are required of this revised contract with CTL, these costs are offset by a reduction in our overall outsourcing contract.

Although this revised CTL contract represents operational changes not included in our FY25 Plan of Service, we feel that the projected cost savings and opportunity for increased efficiencies merit its implementation this year. We look forward to speaking more on this topic during the board meeting and welcome any questions you may have for us.