

City of Mississauga  
**Corporate Report**



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| <p>Date: February 15, 2023</p> <p>To: Chair and Members of General Committee</p> | <p>Originator's files:</p>              |
| <p>From: Jodi Robillos, Commissioner of Community Services</p>                   | <p>Meeting date:<br/> March 8, 2023</p> |

## Subject

**Single Source Contract Awards for Provision of Electronic Resources for the Mississauga Library System**

## Recommendation

1. That OverDrive Inc. be approved as a single source supplier for the supply and delivery of eBooks, eAudioBooks, eMagazines and streaming videos.
2. That Bridgeall Libraries Limited, CVS Midwest Tapes, EBSCO Publishing Inc., ProQuest LLC, LinkedIn Corporation, McGraw-Hill LLC, OCLC Inc., Library Ideas LLC, Brainfuse, Inc., Kanopy Inc., and Ontario Library Service be approved as single source suppliers for the provision of streaming, downloadable and database resources.
3. That the Purchasing Agent be authorized to execute the appropriate forms of contract with OverDrive Inc. for the ongoing supply and delivery of eBooks, eAudiobooks, eMagazines and streaming video as required, and for which funding is approved in the budget for 2023 and will be requested in the budget for 2024 through to December 31,2033.
4. That the Chief Procurement Officer, or designate be authorized to execute the appropriate forms of contract with Bridgeall Libraries Limited, CVS Midwest Tapes, EBSCO Publishing Inc., ProQuest LLC, LinkedIn Corporation, McGraw-Hill LLC, OCLC Inc., Library Ideas LLC, Brainfuse, Inc., Kanopy Inc., and Ontario Library Service, for the ongoing supply and delivery of electronic streaming and downloadable resources, as required, and for which funding is approved in the budget for the period 2023 and will be requested in the budget for 2024 through to December 31, 2033.

## Executive Summary

- Electronic resources, including streaming, downloadable database resources and eBook and eAudiobooks are required by the Mississauga Library to satisfy customer demand. The market for these electronic resources is served by speciality suppliers who are deemed single sources.
- Establishing the suppliers who have exclusive rights to streaming, downloadable and database electronic resources, as shown on Appendix 1, as single source suppliers for the period 2023 through to 2033 is recommended in accordance with the Procurement By-law # 0013-2022, Schedule A (1) (c) The Goods and Services are unique to one particular supplier and no reasonable alternative or substitute exists due to exclusive rights such as patent, copyright or licence.
- Establishing Overdrive Inc., whose platform for service delivery is unique to them, as a single source vendor for eBooks, eAudiobooks, eMagazines and streaming video for the period 2023 to December 31, 2033 is recommended in accordance with the Procurement By-law # 0013-2022, Schedule A (1) (c) The Goods and Services are unique to one particular supplier and no reasonable alternative or substitute exists due to exclusive rights such as patent, copyright or licence.
- This report extends the initial five year approval granted by Council in 2018. When contracts are renewed (on an annual or semi-annual basis) a market assessment will be undertaken to ensure that there are no competitive vendors and that the contracts still provide the best value for the library before renewing.
- The Procurement By-law # 0013-2022 requires that single source contract awards with a value of \$100,000 or more be approved by Council.

## Background

### Electronic Databases and Streaming Services

Mississauga Library provides customers access to a variety of streaming, downloadable and database resources that are available from a variety of suppliers. Each supplier offers access to quality products for which they have been granted exclusive distribution rights by the resources' producers. The Library has selected electronic resources that satisfy the demands of its customers with the appropriate licensing and features to facilitate public use of materials.

These electronic resources are provided on a subscription basis and are subject to regular renewal periods (annually or semi-annually). Successive renewals and increasing demand for electronic resources will, over the anticipated ten year period, exceed the \$100,000 threshold for which the Procurement By-law requires Council approval. In addition, it is expected that these resources will be subject to inflation and the Library may choose to purchase more content from the vendor over the period of this agreement.

**EBook and eAudiobook Lending Service**

OverDrive is the current service provider, originally selected in 2009 through a competitive process. EBook and eAudiobook titles are available from other sources. However, OverDrive provides an eBook, eAudiobook, eMagazine and streamed video service which combines a complex management and access platform with content purchased to meet the needs of Mississauga residents. In our thirteen year relationship we have built a collection of 65,000+ titles and 115,000+ copies including access to over 4,000 magazine titles. Annual OverDrive circulation is over 1,000,000, with a lifetime circulation of almost 7,000,000. Customer use of OverDrive has increased year over year with a significant 50 percent increase in usage in 2020 as people stayed home during the pandemic, and then further increased by 20 percent in 2021 to a record high of 1,345,433 circulations in 2022. They offer the largest digital catalog available to libraries today with a catalogue of over two million eBooks and audiobooks. They currently host collections for more than 81,000 libraries in more than 40 countries including most of the libraries neighbouring Mississauga.

The platform for service delivery is exclusive to OverDrive. Since the platform and the content are linked the Library would risk losing some of its collection investment with migration to a different platform. Older titles could not be repurchased as they are no longer available and some titles would be lost due to the inability to transfer publisher rights from platform to platform. It is estimated that the Library would lose five to ten percent of the collection during a migration. Since the average eBook has cost us \$29.00, and the average eAudiobook \$71.00, this would represent a loss of over \$400,000.00, plus the cost of replacing the downloadable magazine collection. Overdrive is an exclusive provider of any of the Mississauga Library's current collection of downloadable magazine titles. They offer a flat rate for approximately 4000 titles while the competition offers a smaller selection and charges per title. Without this single source agreement, the Library would have less access to magazine titles and an average cost of \$1,200.00 per title pay significantly more for the collection.

In addition, the Library's customers have grown accustomed to the OverDrive user experience. Asking them to switch to a new app would involve them learning a whole new way of accessing their books. There would likely be both resistance and customer loss in any migration.

In addition, Mississauga Library has established a Reciprocal Lending Agreement (RLA) with four Ontario public libraries (Hamilton, Burlington, London and Ottawa) through the OverDrive platform. The agreement allows Mississauga Library customers to borrow OverDrive content from the partner libraries at no additional costs, and conversely allows our partner library customers to borrow from the Mississauga OverDrive collection. The OverDrive RLA is of great benefit to Mississauga customers by offering triple the amount of material to choose from without requiring the library to purchase this material. This service and relationship would not be transferable to another platform.

Publishers set the prices for titles, not OverDrive. EBooks have been much more expensive than print materials due to significant publisher resistance to the new medium. Publishers have imposed higher (up to five times higher) prices and limits of circulation and time on eBook purchases. The supplier's share is not a significant part of the price paid and there has been little room for the suppliers to provide significant discounts.

OverDrive continues to represent Best Value to the Library and the platform for service delivery is exclusive to them. Schedule 'A' of the Procurement By-law # 0013-2022 provides for single source contract awards under these circumstances, ref. Schedule A (1) (c) The Goods and Services are unique to one particular supplier and no reasonable alternative or substitute exists due to exclusive rights such as patent, copyright or licence.

## Comments

This report seeks authority to award single source contracts to the suppliers shown in Appendix 1, which also indicates the current electronic resources they provide. Additional electronic resources may be required from time to time from these and other suppliers, which will be accommodated in accordance with the Procurement By-law.

Single source approval of these suppliers is recommended for up to ten years, to fulfil the Library's ongoing requirements. The contracts will be subject to annual budget approval, ongoing need for the materials supplied and satisfactory supplier performance. In the event of significant changes within the marketplace, the Library will review the terms of this agreement regularly to determine if there is a better way to support access to electronic resources and ensure a competitive process.

The Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union (EU) and the Canadian Free Trade Agreement (CFTA) both came into effect in September 2017. CETA is the first international trade agreement in which municipal procurement is covered. The objectives of the government procurement obligations within these trade agreements are to ensure fairness and increase competition. The threshold for municipalities for goods and services is \$340,600 under CETA and \$100,000.00 under CFTA.

Not conducting a competitive procurement processes presents the risk of a challenge under CETA/CFTA. However, Canadian licensing is required. The likelihood of a European supplier bidding for the supply and delivery of these library materials in Mississauga is very low. Furthermore, OverDrive is a global supplier.

Since CETA came into effect no European bidders have requested bidding documents or submitted bids to the City.

## Financial Impact

Funding for 2023 is budgeted in cost center 27271.

Below are the estimated annual contract values that are not finalized and may flex to accommodate demand, changing distribution rights and/or product offerings by suppliers and will be requested through the annual business planning process for 2024 through to 2033.

| Vendor Name                 | Current Estimated Annual Contract Value (rounded) |
|-----------------------------|---|
| OverDrive Inc.              | \$1,050,000                                       |
| Bridgeall Libraries Limited | \$35,000  |
| CVS Midwest Tapes           | \$300,000   |
| EBSCO Publishing Inc.       | \$95,000  |
| ProQuest LLC                | \$180,000   |
| LinkedIn Corporation        | \$30,000  |
| McGraw-Hill LLC             | \$7,000   |
| OCLC Inc.                   | \$35,000  |
| Library Ideas LLC           | \$110,000   |
| Brainfuse, Inc.,            | \$55,000  |
| Kanopy Inc.                 | \$60,000  |
| Ontario Library Service     | \$105,000   |
| Scott's Directories         | \$15,000  |
| Cengage Learning            | \$15,000  |
| New York Times              | \$ 20,250 (\$15,000 USD)                          |
| Value Line Publishing       | \$ 20,250 (\$15,000 USD)                          |
| <b>TOTAL</b>                | <b>\$2,132,500</b>                                |

## Conclusion

The Library strives to meet the demands of its customers by providing desirable electronic resources. Over time, core suppliers have been established who provide access to a variety of streaming, downloadable and database resources on a subscription basis. Each of the suppliers holds exclusive distribution rights, granted by the producer of the electronic resource. Each supplier on Appendix 1 is the single source supplier for the electronic resource they provide.

OverDrive Inc. is the leading supplier in the eBook, eAudiobook, eMagazine and streamed video lending market providing a service which combines a complex management and access platform that is unique to them. OverDrive is considered a single source for the provision of this service.

The recommended single source awards are provided for in the Procurement By-law # 0013-2022, Schedule A (1) (c) The Goods and Services are unique to one particular supplier and no reasonable alternative or substitute exists due to exclusive rights such as patent, copyright or licence, respectively.

## Attachments

Appendix 1: Electronic Resources Suppliers and Titles

A handwritten signature in black ink, appearing to read "Jodi Robillos", is written over a horizontal line.

Jodi Robillos, Commissioner of Community Services

Prepared by: Jennifer Stirling, Manager, Digital Library Services & Collections