

GLYN T. EVANS  
Director of Library Services  
State University of New York  
Central Administration  
Albany, New York

## **Regional Network Contracts with Libraries for OCLC Services**

THIS PAPER IS WRITTEN solely from the viewpoint of providing OCLC services; therefore, unlike the other papers in this clinic, it is barely concerned with the act, or perhaps art, of negotiation. Rather, it deals with the complexities of the fiscal and administrative environment in which regional library networks and their member libraries exist, and the problems of developing a service contract within this environment. Negotiation, in the competitive sense, is seldom a factor here. The library wants the service and the network can provide it; how can it best be done? Before examining the regional network and library contracts, however, the structure of the Ohio College Library Center (OCLC) network should be described.

### **Structure of the OCLC Network**

Following the initiation of the on-line services at OCLC in August 1971, a number of regional library consortia requested that OCLC provide services to their regions. OCLC's agreement to do this led to the massive service now provided. The first regions to contract with OCLC were Cooperative College Library Center in Atlanta, New England Library and Information Network (NELINET), Union Library Catalog of Pennsylvania (which subsequently became PALINET), Pittsburgh Regional Library Center, and Five Associated University Libraries (FAUL) in upstate New York. As of April 1977, 19 regional networks have contracts with OCLC; the system has grown to 1553 terminals and 1182 libraries,

and projected growth for the next year will bring the totals to 1850 terminals and 1300 libraries.

OCLC's organizational structure is outlined in Figure 1. OCLC has service contracts with two types of groups. Individual participants have direct contracts with OCLC. This group includes members in Ohio, and libraries which were in geographic areas not covered by regional consortia (although a consortium may be established later, e.g., the Western Service Center in California, through which OCLC provides "regional" services to direct participants). Regional networks account for approximately 87 percent of OCLC's terminals. "Other networks" account for other services for which a network may contract, e.g., BALLOTS, Bibliographic Retrieval Services, and for which OCLC may at some time also contract.

The regional network has a contract with a user. For purposes of this discussion, *user* is defined as a library or institution with a contract for OCLC services with a network, in which a terminal (or terminals) is housed on the premises of the contracting institution. Finally, in some cases, a group of small libraries has agreed to "share" a terminal housed in one of its institutions. Such agreements are usually embodied in a separate contract or letter of agreement among the sharing libraries.

The regional networks also have their own individual structure. Some are multistate consortia, such as NELINET, SOLINET and Amigos. They may have a formal relationship with a regional educational consortium; for example, NELINET is part of the New England Board of Higher Education. Some networks are state agencies, such as INCOLSA in Indiana; in other cases, network services are provided by state agencies to libraries in the state, e.g., State University of New York (SUNY), and ILLINET in Illinois. There are relatively small consortia contained within one state (such as FAUL and PRLC) or centered in one city, as is CAPCON in Washington, D.C. The Federal Library Network (FED-LINK) provides service to federal libraries everywhere although some federal libraries may be acquiring service through their local regional networks. These differing structures are reflected in the types of contracts which the networks offer their own participants.

One essential difference between the networks is that some are composed of users who are members of a formal organization in the sense that they pay membership fees, have voting rights, etc. For this paper, that type of user will be considered a "member." In the other type of network, of which SUNY is an example, the regional network is governed by the policies of the state agency (e.g., the policies of the Board of Trustees of SUNY) and by the state laws and regulations governing the operation of the state agency. In this case, user libraries will be called "network participants."

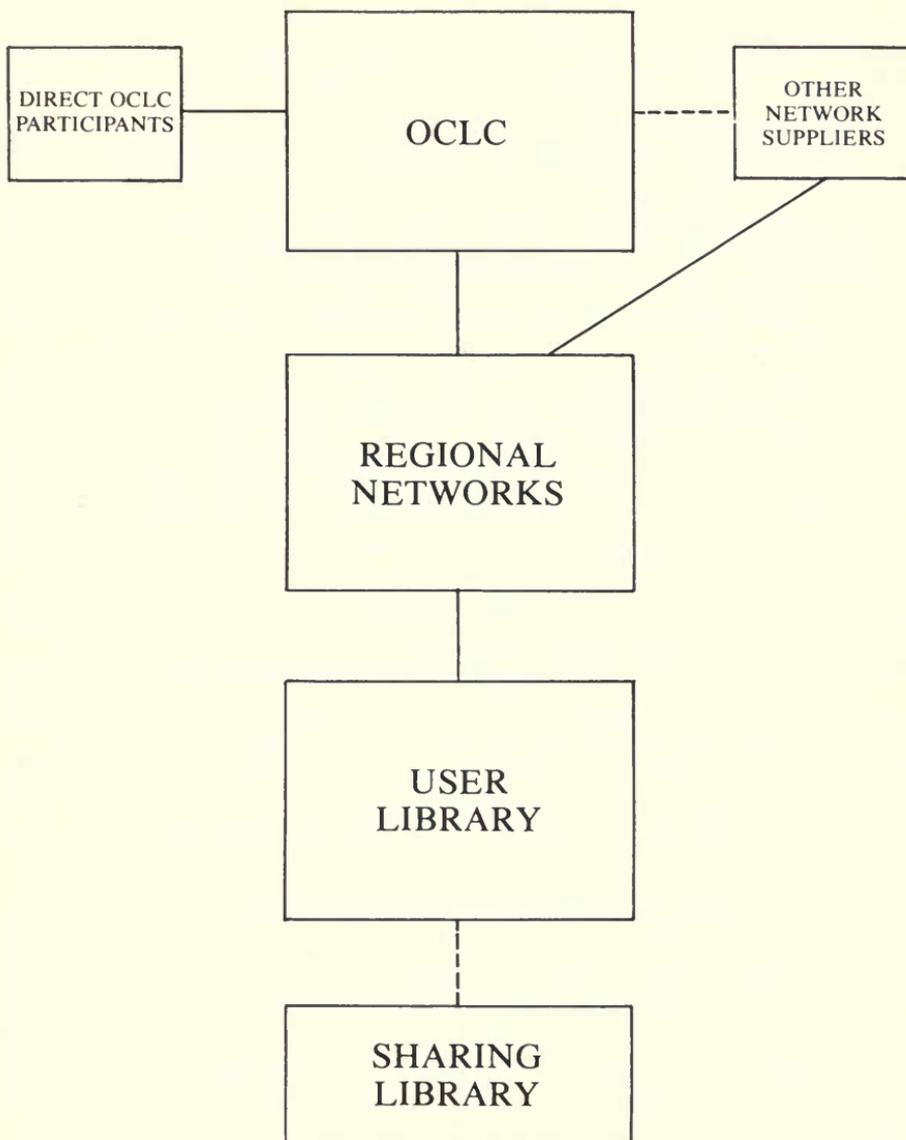


FIGURE 1. CONTRACTUAL LINKS

### Regional Network Services

Before considering the contracts, it is necessary to understand the range of services which a regional network supplies to its users.

1. *Implementation and start-up* — telecommunication links planned. For most networks OCLC does this, but for others (e.g., SUNY) the network makes the arrangements through the state agency responsible for the statewide telecommunications network. This entails ordering the installation of modems and synchronizing modem installation with terminal delivery and installation. Also involved here is supervision of line planning and line utilization. The network then trains library personnel in the completion of a profile (for catalog card production), edits the profile, and codes the Pack Definition Table (an intermediate step prior to entry into the OCLC computer) before forwarding the profile to OCLC.
2. *Training and education* — for library administrators and appropriate professional and support staff. Work-flow, integration of the terminal into library operations, MARC formats, tagging practice, ISBD, and current cataloging rules are taught, as well as terminal use, installation, staffing requirements, performance expectations, recordkeeping, etc. There is also instruction in new system procedures and new sub-systems.
3. *Documentation* — to be made available from OCLC or other networks or generated where necessary.
4. *Liaison services* — daily telephone question-answering services on system and cataloging procedures, letter query services, continuing education, and advisory groups (both OCLC and network).
5. *Fiscal relationship* — establish and maintain billing, accounting and auditing procedures with user libraries.
6. *Legal relationship* — establish and maintain contracts with OCLC and user libraries.

Figure 2 illustrates the service relationship links between the telephone company and OCLC, network, user, and sharing library. Fees for services (solid line) are paid by sharing libraries to "users." The combined fees are paid to the "network." After deducting charges for network services, fees are paid to OCLC (and perhaps to the telephone company, depending on regional contractual arrangement). OCLC in turn pays its bills for telephone service, terminal purchase, terminal maintenance, etc.

On-line services are indicated in the figure by a broken line. The user library is directly connected to OCLC computers, and for daily service relationships concerning mechanical terminal or communication problems, works directly with the engineering staff at OCLC. (The network office may have a terminal — most do — for training and liaison purposes, but for the sake of simplicity this relationship is omitted from the figure.)

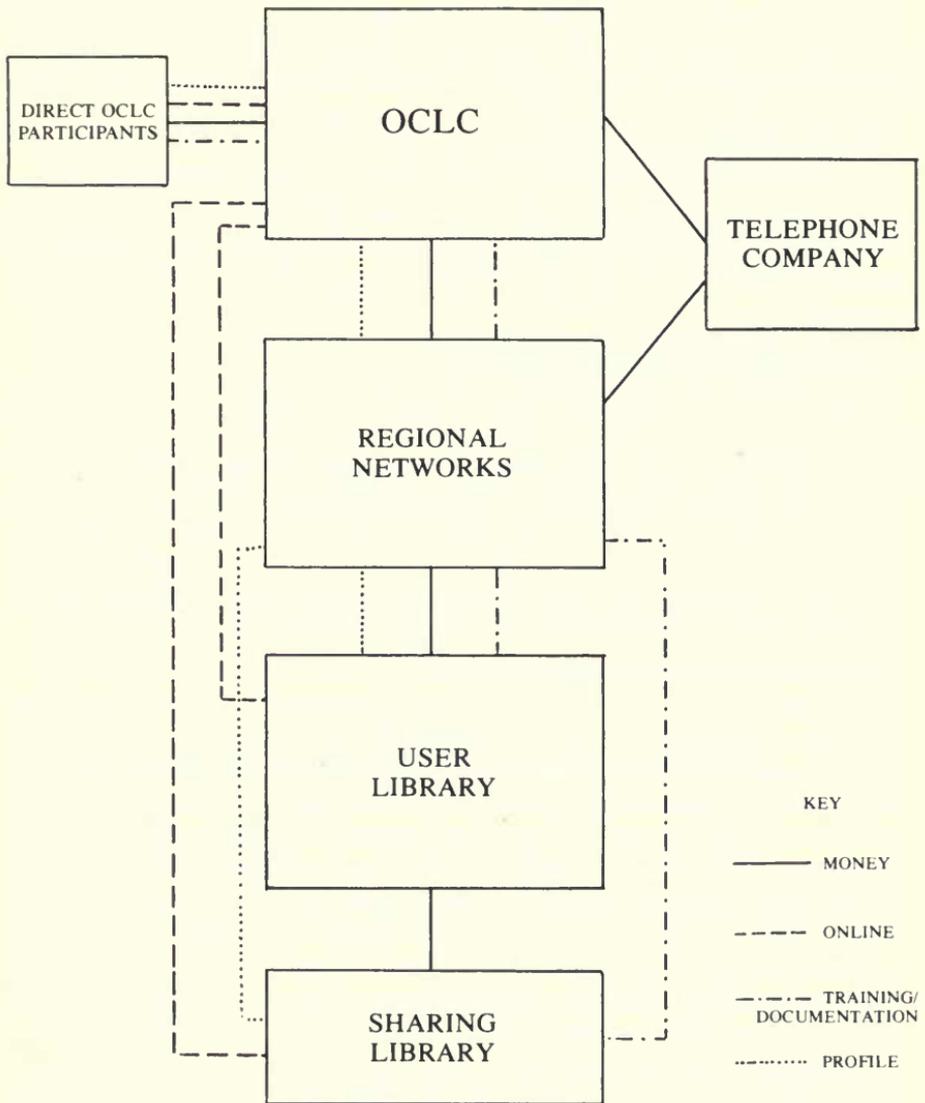


FIGURE 2. SERVICE RELATIONSHIPS

Training, education and documentation services are indicated with the dash-dot line. Some documentation comes from OCLC, and some training is given to network staff. However, the major relationships exist between the network and the user. SUNY estimates that about 70 per cent of its effort goes into this activity. Both users and sharers are trained equally and receive the same documentation.

The profile activity (dotted line) begins as negotiation between the regional networks and both users and sharers. Results of this work are forwarded to OCLC. It should be noted that libraries are not static organizations, and profile changes are a continuing activity after the library is established as a member of the network.

The network office performs the major planning, scheduling and coordinating role for both the user libraries and the network as a whole. The contract between network and library must specify the relationships and responsibilities in the provision of these services to the libraries in the network.

### **Fiscal Support of Regional Networks**

Networks are supported by a variety of fiscal sources including grants and local, state and federal funds. In some cases, income is also derived from membership fees and annual dues. Most income is derived from service charges to the libraries. These charges can be indirect, such as a surcharge placed on OCLC services (on the FTU charge), or assessed directly as a charge for network services, such as the "administrative overhead" charged by SUNY. The types and amounts of charges will be specified in the contract between the network and the user.

### **Libraries Served by Regional Networks**

As the regional networks vary in their governance structures, so do the libraries contracting for service. These differences must be accounted for in the contracts. Some libraries are associated with public higher education and are either state- or city-governed. Private higher education and other private institutions such as museums, learned societies, etc., have their own boards of trustees. Community colleges and public library systems will operate within state, county or city regulations. State agency libraries which require service must conform their contracts to state requirements. As expected, the requirements of one federal agency are not necessarily the same as those of another. Some libraries of profit-making institutions are sometimes able to obtain services from regional networks.

### **Translation of Network Services and Structures into a Contract**

At this point, it is necessary to bring together the foregoing discussion (OCLC services, network services, network financing, and library administrative structures) to examine the contracts which have been devised to provide network services.

A review of several network contracts reveals great similarity among their expressions of essential purpose, with variations depending on individual regional network needs. Some of these variations are:

1. Contracts generally make OCLC services available during the life of the network contract with OCLC, with provision for extension.

2. Those networks which require library membership for participation may include membership clauses within the contract. PRLC's contract contains an example of such a clause: "Library shall participate in the OCLC, through the auspices of PRLC, subject to the terms and conditions herein provided. Participation shall be subject to and shall include the following: . . . becoming a voting member of PRLC and paying annual dues and the OCLC participation fee."
3. Networks have a standard contract which many libraries will be able to sign with no variation and, if necessary, the standard contract can be varied to meet the individual library's needs.
4. The particular method of network financing is embedded in the contract. These financing methods are: administering a separately designated charge, adding a surcharge on service charges, or a combination of both.

In the sense that there is a degree of similarity in the contracts and that an examination of one is useful, a detailed review of the basic SUNY contract follows.

WITNESSETH:

WHEREAS, State University of New York and the Ohio College Library Center (OCLC) have concluded a contract under which participating libraries may obtain from the Ohio College Library Center on-line computer library services,

and,

WHEREAS, all libraries which participate in this contract seek to work together in the development of a common on-line bibliographic network; and

WHEREAS, the libraries of State University and other not-for-profit institutions in the State of New York are to be participating members in the network; and

WHEREAS, the Ohio College Library Center will make available to State University and participating members its on-line shared cataloging service and supporting off-line services; and

WHEREAS, State University of New York will make available its facilities such that libraries may use that service, as it is offered by OCLC; and

WHEREAS, in order to do this State University of New York will contract with participating libraries in order to make available such service to those libraries, during the life of its contract with OCLC.

Note the limitation to the libraries of not-for-profit institutions, a present requirement of the policies of the Board of Trustees.

NOW, THEREFORE, the parties hereto agree as follows:

1. State University shall make available an on-line shared monograph cataloging library service to USER, including making available machine readable cataloging records on-line and making available the production and furnishing of off-line catalog card production services.

2. The charge for service to USER will be based on calls made on the Ohio College Library Center system for card production by USER where the data requested is found within the data bank. No charge will be made in those cases in which data shall have been introduced by the requesting library nor for use beyond first-time use of data from another institution. Such a call, sometimes referred to as a "hit," will be charged at the amount charged to State University by OCLC.

In Clause 2, the last sentence establishes the principle of charging to the user the charges made by OCLC. In this case, network income is derived from a separately identified charge (see Clause 5).

3. State University will make available such new services as, from time to time, it is able to secure from OCLC, for such additional charges, and on such a basis as may be required by the agreement between State University and OCLC, and subject to an additional or amended contract between State University and USER.

This clause makes it very easy for both network and library to use the expanding services of OCLC by simple amendment of the appendix containing the fee structure.

4. State University will make available to USER the OCLC Model 100 display terminal for purchase by USER, at the price paid by State University for such terminal; the USER will thereafter maintain the same at USER's own cost and expense.

Here again, the exact cost is passed on to the participant. This clause also identifies OCLC as the sole supplier of a terminal unique to the system. This is a very valuable clause for libraries of governmental agencies that are restricted to competitive bidding situations for supplies and equipment. This clause also identifies the user's responsibility for terminal maintenance.

5. State University will make available advisory services, instruction and training, prepare catalog profile questionnaire and will provide follow-up support services as required. An additional charge for the above services shall be payable by USER monthly to State University in accordance with the schedule as specified in Appendix I, which is attached hereto and made a part hereof.

This clause identifies the network services provided to the participants by State University. All network income for service is authorized in this clause, in the appendix and in the profile charge authorized in Clause 7.

6. USER shall be responsible to State University for monthly payment for communication circuits through which the USER will participate in the on-line shared cataloging system. Such costs shall be prorated by dividing the total number of terminals using the State University data links with OCLC by the total cost of these links as charged by Common Carrier and allocating the cost equally per terminal. The communication costs and additional charges for leased telephone equipment, including data sets, will be payable monthly to State University.

Note the charging mechanism used to compute telephone communication charges. It was very strongly felt that a library joining the network should not be penalized with larger telecommunication charges by reason of geographical remoteness, or have an advantage from location in an urban area. This charging method was accepted by the libraries and has worked satisfactorily. Note also that, with the exception of FEDLINK, all other networks pay OCLC for phone services.

7. USER shall be responsible for payment to State University of certain one time start-up costs, including the installation of telephone data service and essential programming by State University and OCLC staff for catalog card formats. Charges from other agencies shall be passed on to USER at cost as they are billed to State University.

8. USER agrees that, regardless of when actual services shall commence, USER shall reimburse State University for all costs actually incurred for USER's benefit hereunder, from the date first above written throughout the term of this agreement. It is further agreed that, in the event USER terminates this agreement at any time, USER shall remain responsible for payment for all services rendered through the date of termination, and for all maintenance required.

9. USER may request magnetic tapes containing catalog records produced by USER in MARC format at cost as billed to State University.

10. This agreement shall remain in effect only during the life of the State University of New York contract with the Ohio College Library Center. Either party may terminate this agreement on 120 days notice.

11. Any notice to either party hereunder must be in writing, signed by the party giving it, and shall be served either personally or by registered mail addressed as follows:

TO STATE UNIVERSITY:

Vice Chancellor for Finance and Business  
State University of New York  
99 Washington Avenue  
Albany, New York 12210

TO USER:

or to such addressee as may be hereafter designated by notice. All notices become effective only when received by the addressee.

12. Accounts and bills will be paid under procedures established by SUNY Central Administration in accord with usual practice.

13. USER hereby agrees to abide by such network data standards as are agreed to or as may be agreed to from time to time, and are incorporated in the SUNY-OCLC contract.

The OCLC document "Standards for Input Cataloging" is an appendix to the SUNY/OCLC contract; that is, the regional network agreed to abide by those standards. This clause binds the participant in that agreement.

14. USER agrees to hold harmless and indemnify State University and the State of New York, from and against any claim which may arise out of the use of the equipment or services provided hereunder, unless such claim shall arise out of the willful negligence of the State University, its officers or employees.

15. Current charges for OCLC and SUNY services are specified in Appendix I. All future charges are subject to change by State University upon 60 days written notice to USER. USER shall either accept new charges or decline further service, by written response to State University within the 60 day notice period.

16. Exhibit A, attached hereto, is made a part hereof, and where applicable shall be binding upon USER.

Exhibit A, not reproduced here, is a SUNY "boiler plate" statement concerning such requirements as Workmen's Compensation Act, nonassignment of contract, affirmative action, tax status of the state of New York, and noncollusive bidding.

Affixed to the contracts are the signatures of the library (or its administrative officer), the university, the Attorney-General's office and the state comptroller, thus making the contract formal and binding between the state of New York and the library.

Although contracts between user libraries and sharing libraries are purely private arrangements beyond the purview of the network, they are interesting and appropriate for consideration here.

The development of network services for small groups of sharing libraries is an intriguing phenomenon, in part because of the variety of approaches which have been tried and found workable. In some cases, one library will acquire a terminal and provide a remote catalog service for one or more libraries, taking up spare capacity on its own terminal. In other cases, an institution will establish itself as a service center to provide services to smaller libraries in its region. Capital District 3R's in Rensselaer, New York, for instance, provides service to Schenectady Community College, Fulton-Montgomery Community College, Union College, SUNY Cobleskill Agricultural and Technical College, and Albany Law School. The libraries transmit worksheets and copies of the title pages, etc., to CDLC where they are entered in the system there. Catalog cards go directly to the libraries. The service's effectiveness is demonstrated by the fact that Albany Law School is reclassifying its library using this technique.

The other method commonly used by sharing libraries is one in which terminals are made available to other libraries at specified times. This technique was pursued in Alfred, New York, where the College of Ceramics and Alfred Agriculture & Technology used time on the terminal at Alfred University. A similar arrangement is being developed between St. Joseph College and both St. Francis College and Pratt Institute in Brooklyn.

Following are outlines of letters of agreement to demonstrate the typical provisions in sharing contracts. The first is between Medical Library Center (MLC) of New York and its eleven members using the shared catalog service.<sup>1</sup> MLC will: (1) serve as parent institution; (2) assist in profiling; (3) provide staff orientation (with SUNY/OCLC); (4) enter catalog data supplied by the library into the OCLC system, supply cards, and include the library in composite holdings tape; and (5) provide management support. The library will: (1) process  $x$  titles in current fiscal year; (2) send personnel to training; (3) follow established procedures; (4) accept, without revision, ISBD-M; (5) accept LC or NLM subject heading format; (6) send representatives to meetings of Shared Catalog Service; (7) accept charges assessed in accord with financial plan; and (8) have the option of terminating the agreement upon 90 days notice from either party.

The second type of letter of agreement, e.g., the St. Joseph/St. Francis/Pratt Institute contract, specifies that St. Joseph (the terminal-owning library) will make the terminal available to the other libraries "for 12 hours in prime time" in any week; that the libraries will share in OCLC costs as charged by SUNY; that the three libraries will work cooperatively in developing work-flow patterns and in experimenting with various

methods of operation in order to achieve maximum efficiency and cost effectiveness. Finally, the agreement recognizes the need for flexibility due to new and changing operational conditions and the need to evaluate procedures during the year.

Sharing arrangements have worked well, and in fact, have often led to acquisition by one of the sharing libraries of its own terminal as it realizes the potential for services beyond cataloging. When that happens, the library negotiates a direct network contract, although much of the work (profiling, training, etc.) will have been done through its sharing status.

### **Problems Encountered in Contracting with Libraries**

Institutions which are government-based may have bidding requirements for the purchase of services or equipment. That OCLC is a sole-source operation, and that its terminal is unique to the system (as noted above) considerably simplify the procedures for the acquisition of services by its libraries. In New York it is necessary to demonstrate to the Bureau of Audit and Control (as SUNY did) that the terminal is unique. There is no such constraint with printer attachments, however, other than the general provision that they need to be approved by OCLC. Here there may be a state or local contract for the acquisition of printer terminals which might restrict the library's choice. No such restraint is placed on private institutions, of course.

Many state, local and federal agencies will require a clause to be added to the contract authorizing and specifying an upper limit on expenditure. The following example is from the city of Rochester's contract:

It is expressly understood by all parties to this agreement that the user shall be liable only to the total extent, not to exceed \$30,962, which has been authorized by the City Council of Rochester on May 14, 1974, under Ordinance #74-141, for the purpose that portions of such monies have been approved by such City Council.

Agencies may add clauses specifying policies relating to invoices or FOB destination, etc. Some will require that different segments of the service be charged to different internal contract numbers, e.g., FTU's have one number, telecommunications another. Different fiscal years may present a problem, not so much in the contract as in its administration, particularly where estimates of expenditure are concerned. At present, SUNY, which has an April-March fiscal year, deals with others which have fiscal years beginning in April, July, September and October. It is also necessary to have a valid state contract number on the contracts (which involves the approvals and signatures noted above) before the libraries can pay bills under the contract. Some difficulty has been caused in synchronizing the completion of the contract processing with the commencement of service.

In addition to bidding requirements some networks have additional needs. For example, NELINET acquired some Spiras terminals (used in the OCLC network before the development of the OCLC/Beehive Model 100) and subsequently took over their parts inventory to provide terminal maintenance. Their user contract would reflect this activity. Occasional contracts have been arranged in which equipment is leased for a short period rather than purchased by the library. Usually in those cases, the library also accepts terminal maintenance responsibility and costs. With regard to terminal maintenance, some networks favor the "per call" method of billing, others the monthly charge. It is understood, however, that OCLC will discontinue the "per call" charge option in the near future. It should be noted that the terminals are quite stable, a stability which is reflected by the decrease in terminal maintenance charges from \$47.50 per month in 1975-76 to \$33.00 per month in 1977-78.

Obviously, sometimes things happen which cause upset, misunderstanding and delay. In general, such instances are indicative of unfamiliarity with contracting procedures (data processing contracts in particular) on the part of librarians. In the hope of avoiding these problem areas, a few are listed here:

1. Do not annotate any copy of the contract with notes like "See Charlie about this" or "Prices reduced next year" if you plan to sign and notarize that copy of the contract. Such annotations on a signed contract are amendments.
2. Do not sign subsidiary agreements (i.e., terminal maintenance) that have been appended and marked "for information and exhibition only."
3. Have the signatures notarized.
4. Make sure that the signator has the authority to sign on behalf of the institution.
5. Remember that the network is relatively powerless to change appendices and exhibits to contracts between OCLC and a third party, at least in time to process the contract. In other words, try not to amend them before signing the contract. The same is true of tariffs which are set by the Federal Communications Commission for telecommunications.

Attention to these details will hasten the processing of the library's contract, reduce the load on network staff, and reduce the costs of running the network — all to the library's benefit.

This paper has reviewed the contractual relationships which exist between OCLC regional networks and its user libraries, and looked briefly at the subsidiary contracts made between users and sharing libraries. Negotiation is not a major force in the development of such contracts;

rather, the emphasis in the contracting process has been on the differing environments of both networks and libraries, and on the need to accommodate these varying needs in the contract. Personal experience indicates that these discussions are usually good-natured and that, for the most part, users and networks are satisfied with the responsibilities embodied in user contracts for the OCLC system.

Gratitude is expressed here to those libraries and networks which granted permission for direct quotation or paraphrase from their contracts in this paper, and to those regional networks affiliated with OCLC which made copies of their standard contracts available.

#### REFERENCE

1. Raper, James E., Jr., "Centralized Automated Cataloging of Health Science Materials in the MLC/SUNY/OCLC Shared Cataloging Service," *Bulletin of the Medical Library Association* 65:231-42, April 1977.