

SAGE MEMBER PRICING MODEL REDESIGN

2024-25 OPTIONS SUMMARY



BACKGROUND

- Traditionally, Sage has used a tiered pricing model based on member type and population size for assessing annual fees.
- Deficiencies in the tier model have become apparent when a member moves up or down a tier, resulting in a significant fee increase or decrease that is disproportionate to the change of population. Concerns have also been raised about disparities in cost per capita within and between member type tiers.
- To mitigate the disparities, different strategies have been tried and been successful temporarily, including creating additional tier levels and using a variable formula tied to the rate of population change. But these are not long-term solutions.
- At this point, continuing to use the variable formula calculation is problematic and a redesign is needed.

REDESIGN GOALS

- Fair, logical, scalable over time, sufficient to sustain Sage cost needs
- Change not so arduous as to create an unaffordable barrier to continued participation in Sage
- Maintain cost-effectiveness of service, preferably still a bargain for members, as compared to going solo with proprietary or other independent open-source ILS

ASSUMPTIONS

- Base Fees required - to support fundamental Sage infrastructure (Personnel, courier, licenses, subscriptions, hardware, software, equipment, supplies, etc.).
- Fee calculation more closely based on member service population is desirable.

OPTION 1 – RETURN TO TIERED PRICING WITH MANUAL REVISIONS

See Column AF – 2024/25 Fee schedule TIER OPTION

- ILL Only Base Fee \$600
- Circ Base Fee N/A
- Median 9% increase applied to prior year member fee. Cost per tier manually adjusted for parity within and between tiers.
- Total collections sufficient to fully fund Operating Budget (\$283,000).
- No draw on Sage reserve funds required.

OPTION 2 *RECOMMENDED – MOVE TOWARD PER-CAPITA RATE MODEL (PHASED 4 YEAR ROLLOUT)

See Column AN – 2024/25 FEE SCHEDULE PER CAP PHASE 1 (2024)

- ILL Only Base Fee \$600 \$50/mo
- Circ Base Fee \$1,200 \$100/mo
- Per capita rate applied when service population is above Circ Base Fee threshold.
- Per capita rate goal
 - \$4 per capita for schools/academic
 - \$1 per capita for public libraries
- 4-year rollout assumptions
 - 25% change toward fee target each year for 4 years
 - Annual Sage budget growth of \$10,000 per year (3.5%)
 - On year 5, up to an 8% general fee increase required to achieve budget sustainability
- Revenue shortfall during implementation requires draw-down of Sage reserves
 - Total collections insufficient to fully fund Operating Budget during phased rollout
 - Sage reserves adequate to bridge shortfall (\$14,000 per year for 4 years. About \$54,000 Total) and sustain Sage operations until receipt of annual fees.
- Custom pricing required for anomalies such as Hermiston incorporated/unincorporated