November 20

Subject: Leasing a building for library use

Responses from Michlib-L:

There are definitely advantages and disadvantages to both.  I have nine libraries in the district.  We currently only own one of them, although we just purchase a building to move one of our branches that we are leasing into next year.  The current tenants are leasing it back from us while they build their new facility, which is why I asked which one you were curious about.

Four of our libraries are school/publics, so the school owns the building, but we do pay rent for one of them (long story).  Two others are located in Township offices, and we don’t pay any rent on those.

That brings us to the two others that we do pay rent on.  One of them is actually owned by the Friends of the Library group.  This was before I came, and the agreement with them is the thing of nightmares.  I never would have agreed to it, regardless of how nice the building is.  We pay them an outrageous amount of money, and they constantly try to run the library.  It is awful, so don’t ever do that.  The other building is a standard lease with landlords.  They are not good landlords, and they lease out other parts of the building, which has caused issues.  They do not fix things, and they are just difficult people.  They were selling the building, and at one time we made an offer to buy it.  But then it turned out they didn’t really want to sell it, just do a land contract.  We did not want this, so we ended up buying another building down the street.

So obvious disadvantages to renting/leasing are if you don’t have good landlords, or if they raised the rent often, or if they had all kinds of restrictions on what you could do in the building in terms of shelving, flooring, etc.

Advantages are that problems with the building are someone else’s problem, usually utilities and snow plowing are built into the rent cost, and you can leave when the lease is up if it’s not working out.

When you own a building, it is all on you.  Last year at the one building we own, we had to replace all of our lighting at a cost of about $23,000.  We had to replace the entire fire safety system, at a cost of about $36,000.  We had to upgrade our restrooms to make them ADA handicapped accessible at a cost of about $25,000, and we had to replace a boiler for about $18,000.  The building was built in the 1970s and stuff is just starting to fail.  We pay around $1,500 a month in the winter to plow.  We have to pay for lawn service in the summer.  A couple years ago the incoming water pipes froze, and we had to run a hose from the hydrant to be able to flush the toilets.  The parking lot has to be resurfaced every few years.  There have been roof issues, HVAC issues, the carpeting needs replacing but that is far down the list when you are talking heat and lights.

But, we can do whatever we want to the building as far as painting, construction, etc.

I would look at all the advantages and disadvantages closely, as well as overhead costs before making your decision.

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I am not currently doing this but we did look into it when we found out that Saranac Library did not own 2/3rds of our buildings in 2018. The first thing the Village proposed was that we lease it from them even though we hadn't been doing anything for 20+ years....  We also rented space for Clarksville through February 2017.  So if you have specific questions, I am more than happy to see if I can answer them or I can just give you the pros and cons that we went over plus the pros and cons of when we were renting Clarksville (although I will be honest, there weren't many pros in that situation but ...) We currently own all of our own buildings, phew!

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We lease 2 of our locations, our Main Branch from the county, and a small branch from the local township. The relationship between the library and the county has been a difficult one, since the late 90s/early 00s. The Director at the time took issue with the stipulation that the library had to pay a sizable annual sum to the county for improvements and repairs and was not allowed much say as to when and what repairs were done. We are now preparing to buy the building outright since it was built in 1977 and is pretty much entirely original and needs major renovations. Our smaller location is not a bad arrangement, though there are some building maintenance issues and code issues we would like to see addressed. We currently do not pay the county any money for our Main Branch building; we carry insurance on the contents of the building, and pay 100% of any cost related to building repair/maintenance. We pay the township $4,300 a year for our lease on the other space. Please feel free to call if you would like more details!

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We have been a district library for more than 25 years and the city owns our building.  We started out with a lease but that eventually faded away with new city managers and a new library director a few years ago.  We are searching for a new director now and when he/sh is in place I would like to negotiate a new lease.

As of now, the city picks up our trash, mows our lawn because we are part of a park property, and does probably 75% of snow removal.  We only do the snow removal after the city employees have gone home for the day or on Saturdays when we are open.  We also provide the electrical service for one part of the park that has a lighted gazebo and welcome sign and it's near our building.  When it comes to big issues like roof repairs, we started a 50/50 cost split a few years ago.  It has enabled us to get two sections of roof replaced that were in serious disrepair and leaked for many years.

(In response to question) That's correct, no formal lease.  We deal with issues on an individual basis so it's not great.  Hard to budget and plan, plus the big ticket items get shelved.  I very  much get caught in the middle with being responsible for the building but yet not able to do everything we need to do to keep the building in good shape.

Luckily we have a Friends group who has some money for improvements.  They are paying for new landscaping this year along the front of the building.

Let me know if you have any other questions, and I appreciate getting to see the other responses.  Sounds like there's all sorts of ways to do this but none of them are really easy.  It would be hard for us to be responsible for 100% of the costs of our building.

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**My Summary from a phone conversation with another Library:**

They lease 2 of their spaces.  At one time they considered having the main downtown library built for them by a developer and then leasing it from them.  So, they did a lot of research.

Notes:

Work first with a Library Architect to get a “program” which is not a schematic but a plan for the right size and space for the right purposes for our community.  They determine how much room you need, how many square footage of shelving, space for programming and staff, public seating, etc.    Make sure to leave room to grow.  Partnering with community center is a plus for both.

Developer is in charge of constructing the building, but takes into account special library needs.  Floors need to be more weight bearing than regular office space.  Lighting or Foot candleing is different.  Everything must be ADA of course.  Any conduit, connections, wiring must be big enough to grow for technology.    Library must be at street level.  Include Study rooms, reading rooms, meeting rooms or a small auditorium, space for staff.  Don’t neglect staff work area space – open staff space with cubicles is better than individual offices (except for director, HR, finance, etc.)

Use a lawyer and get a 99 year lease.  Set the terms and make sure you are getting a fair deal.  Any price increases should be incremental and small.  **The library can’t be treated like a for profit business.  Library helps drives traffic for the other retail tenants – so they should treat us well.**  Contract must state that if the building is sold, the library’s space and arrangements don’t change.  Budget for legal advice every year.

Usually the city/library is responsible for cleaning and repair and maintenance on the interior.  Cosmetic changes, shelving, flooring, etc can all be changed.  The only thing you can’t do is threaten the stability of the building – don’t tear down load bearing walls.  Building owner is responsible for outside of building and major things like HVAC, Elevators, stairs, ADA issues, landscaping and upkeep.

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