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MEMORANDUM

City Manager's Office

Date: August 31, 2026

To: Mayor Jackola and City Council
From: Ron Whitlatch, City Manager
Subject: Old Library Building – Future Use and Potential Long-Term Lease

PURPOSE

The purpose of this memo is to seek City Council direction regarding the future disposition and use of the former Lebanon Library building, including whether the City should pursue a long-term lease with the Lebanon Museum Foundation.

BACKGROUND

Over the last several months, staff has been reviewing City-owned properties to identify properties that are no longer needed for current or anticipated municipal purposes, and that could potentially be declared surplus. One property identified through this review is the former Lebanon Library building. The City is not currently using the building for municipal operations, and staff does not anticipate future City use of the facility.

The building is currently leased to the Lebanon Community School District, which uses the facility for a small number of alternative education students. The current lease generates approximately **\$12,000 annually** for the City and extends through **June 2029**. The lease agreement includes a provision allowing termination with six months' notice.

LEBANON MUSEUM FOUNDATION PROPOSAL

Staff has recently been approached by the Lebanon Museum Foundation regarding its interest in the former Library building. The Foundation has expressed interest in either purchasing the property or entering into a long-term lease with the City to operate a community museum at the site.

A long-term lease would allow the City to retain ownership of the property while giving the Museum Foundation the stability needed to invest in the facility and establish a permanent museum location. Any long-term lease would need to address the term of the agreement, lease payments, maintenance responsibilities, capital improvements, insurance, utilities, permitted uses, and other appropriate protections for the City.

SALE OF CITY-OWNED PROPERTY

ORS 221.725 establishes procedures that cities must follow when considering the sale of City-owned real property. Generally, the statute requires the City to publish notice of a proposed sale and conduct a public hearing before completing the transaction. The nature and general terms of the proposed

sale, including an appraisal or other evidence of the property's market value, must be disclosed as part of that process.

Given the Museum Foundation's interest in a long-term lease rather than requiring an immediate transfer of ownership, staff believes a lease may provide an opportunity to establish the building as a community museum while allowing the City to retain ownership of the property.

CURRENT SCHOOL DISTRICT LEASE

If the City Council supports pursuing a long-term lease with the Lebanon Museum Foundation, staff recommends allowing the School District to continue using the building through the upcoming 2026–27 school year.

Rather than terminating the School District's lease immediately, staff recommends establishing June 30, 2027, as the target termination date. This would minimize disruption to the District by allowing it to complete the upcoming school year and provide adequate time to transition its alternative education program to another location.

During this period, staff would also begin negotiations with the Lebanon Museum Foundation regarding the terms and conditions of a potential long-term lease. Any proposed lease would be brought back to the City Council for consideration and approval prior to execution.

RECOMMENDATION

Staff is requesting that the City Council provide direction by motion regarding one of the following options:

Option 1 – Pursue Long-Term Lease with Lebanon Museum Foundation

Direct staff to provide the Lebanon Community School District with the required notice to terminate its lease, with a target termination date of June 30, 2027, and authorize staff to begin negotiations with the Lebanon Museum Foundation for a long-term lease of the former Library building. Any negotiated lease would be returned to the City Council for final consideration and approval.

Option 2 – Pursue Sale of the Property

Direct staff to begin the process necessary to consider declaring the former Library property surplus and prepare the property for potential sale in accordance with ORS 221.725, applicable City procedures, and the advice of the City Attorney. The existing School District lease would remain in place unless the Council directs otherwise.

Option 3 – Maintain the Current Lease

Take no action at this time and allow the existing lease with the Lebanon Community School District to continue through its scheduled expiration in June 2029. Staff could reconsider the property's future disposition closer to the lease's expiration.

Option 4 – Other Direction

Provide staff with alternative direction regarding the future use or disposition of the former Library building.