



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 06/18/2024

ITEM NO: 5

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DATE: June 3, 2024  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a Lease Agreement with the Friends of the Los Gatos Library for the Property Located at 108 E. Main St.

**RECOMMENDATION:**

Authorize the Town Manager to execute a Lease Agreement with the Friends of the Los Gatos Library for the property located at 108 E. Main St.

**BACKGROUND:**

The Friends of the Los Gatos Library (Friends) are a 501c3 non-profit organization with the dedicated mission of supporting the Los Gatos Library through funding for programs and events. The Friends support their mission with an annual cash donation to the Town stipulated for Library programs, services, and program not covered by General Fund dollars. The donation amount varies each year and has not been less than \$70,000 each year for the past seven years; however, this amount is not guaranteed as the actual amount is tied to the success of their fundraising for each year.

The primary source of fundraising is generated through the operation of the Friends Bookstore. The Friends have been operating the Friends Bookstore at 108 East Main St in the Civic Center Complex as a tenant of the Town since July of 2015. This lease set the actual "rent" as \$1 per year with the understanding that the Friends would make a cash donation to the Town for Library services of a minimum of \$35,000 per year.

**DISCUSSION:**

The original 2015 lease agreement expired in June of 2023, at which point the Friends operated as a month-to-month tenant per stipulations of that original agreement. Staff recommends

**PREPARED BY:** Ryan Baker  
Library Director

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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DISCUSSION (continued):

that the Town and the Friends enter into a new lease agreement (Attachment 1). The new agreement is relatively similar to the original with general changes and updates consistent with other current Town lease agreements, updated insurance specifications, and current conventions.

Top level points of the lease include:

- Five-year lease expiring April 30, 2029.
- Option to extend the lease for two additional five-year periods.
- 90-day termination option by the Town.
- \$1 rent per year with minimum donation commitment of \$35,000 per year.
- Use of the 1,860-square foot property as a retail new and used bookstore.
- Friends to determine hours of operation at their discretion.
- Friends to pay for utility usage based on the square footage of the property.
- Friends to hire and maintain their own custodial services.

With regard to insurance, the Town usually requires at least \$2M in commercial general liability insurance from its tenants and contractors. However, the Friends of the Los Gatos Library is a non-profit and was only able to obtain \$1M in commercial general liability insurance. Staff is recommending that the Town Council accept the lower limits on the basis that the Friends are a non-profit and are providing the maximum amount of insurance available to them. The new lease has been reviewed by the Friends and was approved to enter into the agreement by their Board on June 5, 2024.

COORDINATION:

This item was coordinated with the Library, the Town Attorney, Town Manager's Office, and the Friends of the Los Gatos Library.

FISCAL IMPACT:

This lease continues a current lease arrangement and has no expected change in fiscal impact.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. Lease Agreement Between Town of Los Gatos and Friends of the Los Gatos Library