

HQ Rent vs. HQ Mortgage

2022 Budget 2023 2024 2025 2026

St. John Properties Quote 1st 2 years reduction in lease, with annual increases starting in 2025. Removed WLA suite. 9616 square feet remaining.

Renewal Reduction Renewal Reduction 1.45% Increase 1.02% Increase

Current HQ Facility	2022 Budget	2023	2024	2025	2026
HQ RENT (includes base amount of property taxes, lawn care and snow removal)	\$211,566.11	\$201,807.00	\$193,313.00	\$196,116.04	\$198,116.42
CAM/Taxes Annual Audit (includes property taxes, lawn care and snow removal)	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Utilities - MG&E and Alliant Energy gas and electric		\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Property Insurance - \$3 million in contents only - Hausmann Group		\$ 3,088.00	\$ 3,088.00	\$ 3,088.00	\$ 3,088.00
Repairs		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
HVAC Maintenance Agreement - St. John Properties		\$ 1,652.00	\$ 1,652.00	\$ 1,652.00	\$ 1,652.00
Total Cost for HQ Rent		\$231,047.00	\$222,553.00	\$225,356.04	\$227,356.42

Lakeland Building 14,600 square feet	\$2.9 Million mortgage (internal buildout for HQ only)	\$222,950.00	\$222,950.00	\$222,950.00	\$222,950.00
	Ground Lease with 2.5% escalator per year	\$21,000.00	\$21,525.00	\$22,063.13	\$22,614.70
	Utilities - provided by Lakeland University	\$28,000.00	\$28,000.00	\$28,000.00	\$28,000.00
	Snow removal and lawn care - Contracted by Corben Group	\$5,887.50	\$5,887.50	\$5,887.50	\$5,887.50
	Property Insurance - \$6 million in Contents and building - Hausmann Group	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00

Repairs/Equipment replacement/Maintenance Agreements - Create Contingency Fund	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Trash/Recycling - Corben Group	\$747.50	\$747.50	\$747.50	\$747.50
Total Cost for HQ Mortgage	\$294,585.00	\$295,110.00	\$295,648.13	\$296,199.70
Loan vs. Rent (HQ Only)	\$63,538.00	\$72,557.00	\$70,292.09	\$68,843.28

Notes:

The cost of rent reflects the removal of the WLA office, a price reduction for the first 2 years and in The cost of the ground lease, snow removal and lawn care, equipment replacement fund and trash, 20% of the utilities cost will also be moved to delivery as part of the existing Lakeland building will I Source of funding is the \$5.5 Million BCPL loan. SCLS will use \$3 million of this to fund the HQ proje Technology Contingency funds will be used to pay for a portion of the data center. Additional state aid of \$206,078 starting in 2023 will be used to fund additional mortgage/operatin

Summary:

Cost of mortgage is about \$63,000 per year more than renting at the beginning of the loan. This will The cost of the mortgage reduces to about \$38,000 per year more than renting by the end of the lc Year 20, when the loan payments are complete, SCLS will start saving \$186,000 per year by not pay The remaining 57 years of the ground lease x \$190,000 savings per year = savings for the system lo SCLS also owns a \$3 million asset

Looking Ahead:

The goal of this plan is to place SCLS in the most solid financial position moving into the future. In 2 be used to reinvest in the system's members, staff, building and future.

It's our fiscal responsibility to our members and our community to use our public funding as wisely Continuing to rent 2 facilities with escalating annual rent will eventually exceed our state aid's capa Purchasing/building and owning one facility in which to operate all system services will allow SCLS t

\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
\$747.50	\$747.50	\$747.50	\$747.50	\$747.50	\$747.50	\$747.50
\$296,765.07	\$297,344.57	\$297,938.56	\$298,547.40	\$299,171.46	\$299,811.12	\$300,466.78
\$66,535.96	\$65,065.37	\$62,715.29	\$61,223.10	\$58,829.94	\$57,316.37	\$54,879.83

increases annually thereafter. 10-year quote provided by landlord St. John Properties. Prices only guaranteed for recycling will be split with delivery once the addition has been completed. Roughly \$20,000/year will be shared by delivery for offices, bathrooms and lounge. Interest rate is 4%.

Operating costs, as well as being used to maintain Tech/ILS fees, reduce delivery fees and provide staff wage in

will be funded by additional state aid and will not affect member fees.

Loan due to the rent continuing to escalate annually.

Increasing rent. This amount will increase every year as rent continues to increase annually.

Long-term of over \$10,000,000.

20 years, when the loan is paid off, SCLS will save nearly \$200,000 per year that can

be used as possible.

Ability to pay for the facilities, which will result in increased fees to our member libraries.

Ability to gain efficiencies, streamline services, save money long-term and reduce fees to our member libraries.

\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
-------------	-------------	-------------	-------------	-------------	-------------	-------------

\$747.50	\$747.50	\$747.50	\$747.50	\$747.50	\$747.50	\$747.50
----------	----------	----------	----------	----------	----------	----------

\$301,138.82	\$301,827.67	\$302,533.73	\$303,257.45	\$303,999.26	\$304,759.62	\$305,538.98
--------------	--------------	--------------	--------------	--------------	--------------	--------------

\$53,345.13	\$50,864.95	\$49,309.44	\$46,785.39	\$45,209.43	\$42,641.32	\$41,045.33
-------------	-------------	-------------	-------------	-------------	-------------	-------------

nteed for 10 years.

creases.

s.

\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
-------------	-------------	-------------	-------------	-------------	-------------

\$747.50	\$747.50	\$747.50	\$747.50	\$747.50	\$747.50
----------	----------	----------	----------	----------	----------

\$306,337.83	\$84,206.65	\$85,045.95	\$85,906.22	\$86,788.00	\$87,691.82
--------------	-------------	-------------	-------------	-------------	-------------

\$38,433.00	-\$186,132.56	-\$188,789.21	-\$190,423.81	-\$193,124.83	-\$194,777.87
-------------	---------------	---------------	---------------	---------------	---------------