



AGENDA MEMORANDUM

First Reading for the City Council Meeting of November 19, 2024
Second Reading for the City Council Meeting of January 14, 2025

DATE: June 7, 2024

TO: Peter Zaroni, City Manager

FROM: Nicholas Winkelmann, P.E., Assistant Director, CCW
NickW@cctexas.com
(361) 826-1796

Drew Molly, Chief Operating Officer, CCW
DrewM@cctexas.com
(361) 826-1853

Amendment No. 3 to Lease Agreement with the Padre Island Yacht Club
--

CAPTION:

Ordinance approving 10-year renewal of the existing lease agreement with Padre Island Yacht Club of a lease of 2.89 acres of City property located near Whitecap Wastewater Treatment Plant and amending the lease to provide a new 5-year option to renew, in consideration of quarterly lease payments the greater of \$2,500 per quarter or 5% of gross income from slip rentals and membership fees; and providing for publication and an effective date. (28-day delay required between readings).

PURPOSE:

This Ordinance approves the lease renewal option between the City and Padre Island Yacht Club for 2.89 acres of city property located near Whitecap Wastewater Treatment Plant for the term of 10 years and amends the lease agreement between the City and Padre Island Yacht Club with one additional five-year option term. The additional five-year option is subject to renegotiation of terms and rental amounts prior to renew as well as the option for early termination in the event the City Manager determines that such an early termination is necessary for operation of the Whitecap Wastewater Treatment Plant.

BACKGROUND AND FINDINGS:

In 1995, City Council approved a ten-year lease agreement with the Padre Island Yacht Club, a Texas nonprofit. In 2005, the Club renewed the lease for another ten years beginning on July 11. On August 23, 2011, City Council authorized a new 20-year lease with the Club, permitting construction of piers and improvements to the clubhouse and boat slips, all of which had prior approval.

Per the 2011 lease agreement, the City leased a 40 foot wide by 795 foot long portion of submerged land adjacent to the City's Whitecap Wastewater Treatment Plant, and an adjacent strip of upland 100 feet wide by 795 long for a total leased area of 2.55 acres. The Club is obligated to keep the property

in good repair as the City has no responsibility for maintenance or repair of the premises or improvements. Padre Island Yacht Club is a private organization which manages the lease.

In 2017, the Club requested an additional leased area of 0.34 acres of land, 50 feet wide by 300 feet long for a total leased area of approximately 2.89 acres. The Club also requested minor clarifications to the agreement, as well as changes to Section 2, which would give the Club the option to renew the lease for an additional 10 years after the July 11, 2025, lease termination date. The City revised annual rents to greater of \$2300 annually or 10% of all gross income from monthly assessments and slip rentals. The City authorized Amendment No. 2 in April 2020, which revised the insurance exhibit, and adjusted rental payments effective January 1, 2020, to quarterly rents greater of \$2,500 per quarter or 5% of gross income from slip rentals and membership fees.

The current lease is set to expire July 11, 2025. The Club has requested a ten-year renewal from City Council, aligning with the City's long-term wastewater management plan. Additionally, the Club seeks a five-year renewal option starting July 11, 2035. This renewal is contingent on renegotiating terms and quarterly rent, pending written approval from authorized representatives of both parties.

Both parties agree to amend the lease to allow for early termination with 90 days' notice if the City Manager deems it necessary for the operation of the Whitecap Wastewater Treatment Plant. This provision is crucial because the Club is near the Plant, and any future expansion of the Plant may require the use of the leased area.

Per the lease agreement, the Club will ensure that no pollutants, effluent, solid waste, litter, or trash from the premises enter the surrounding water or the adjacent Whitecap Boulevard peninsula. The Club's presence must not interfere with the City's required wastewater sampling at the nearby Whitecap Wastewater Treatment Plant. The Club will not allow anyone to dump effluent or wastewater into the water; all such waste must be properly disposed of through the Club's wastewater hookup or boat pump-out facility.

ALTERNATIVES:

The alternative is not to approve the renewal and amendment to the lease agreement between the City and Padre Island Yacht Club; however, if this occurs, the Club would no longer be allowed to utilize the property.

FISCAL IMPACT:

Not applicable.

Funding Detail:

Not applicable.

RECOMMENDATION:

Staff recommends approval of Amendment No. 3 to lease agreement with the Padre Island Yacht Club, as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Lease Between City of Corpus Christi and Padre Island Yacht Club (2011)
Amendment No. 3 to Lease Agreement – Padre Island Yacht Club
Location map