



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting April 14, 2020

**DATE:** April 6, 2020  
**TO:** Peter Zaroni, City Manager  
**FROM:** Michael Rodriguez, Chief of Staff  
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### **Build to Suit and Lease Agreement with Ed Rachal Foundation**

#### **CAPTION:**

Motion authorizing a build to suit agreement and lease agreement with the Ed Rachal Foundation for the use of the former 50,000 square foot Lamar Elementary School building to be repurposed as a City Office Facility for an annual lease amount of \$200,000.00 for the first five years of a 20 year agreement commencing upon completion of remodel construction.

#### **SUMMARY:**

This motion authorizes a build to suit agreement and lease agreement between the City of Corpus Christi and the Ed Rachal Foundation. The Ed Rachal Foundation will remodel the former Lamar Elementary School to be leased as office space by the City upon completion of construction. The lease agreement between the City and the Ed Rachal Foundation will be for 20 years with an option to renew upon the end of the lease agreement.

#### **BACKGROUND AND FINDINGS:**

On March 31, 2020 Council approved the rezoning of property at or near 2212 Morris Street, formerly Lamar Elementary School, from the "RS-6" Single-Family 6 District to the "CI/SP" Intensive Commercial District. The City of Corpus Christi is seeking to lease the facility from the Ed Rachal Foundation for office operational staff and departments including the Corpus Christi Police Department, the Call Center, Code Enforcement, Engineering Services, Parks and Recreation, and Public Works Departments.

The subject property is 2.23 acres in size with additional acreage adjacent to the property and is located within the boundaries of the Westside Area Development Plan and is planned for government uses. The proposed use is an adaptive reuse of a former elementary school. No further development has occurred on the subject property since the closure of Lamar Elementary School in 2010.

The Ed Rachal Foundation intends to improve the property by renovating 50,000 square feet of the former school and creating a new City Office facility that will replace the existing vacant building. The build to suit agreement covers the remodeling and construction of new facilities, including landscaping, parking areas and driveways. The Ed Rachal Foundation will furnish to the City the expected total construction costs for such, including a breakdown of costs. The total amount of the construction project costs is estimated at \$4,600,000.00. The project completion will take up to 18 months upon notice to proceed. Construction costs to be included in the \$4,600,000.00 include both hard and soft costs. The City will be responsible for the cost of furniture and office equipment. The City will be responsible for all facility maintenance and repair for the term of the lease along with property insurance cost.

Upon completion of construction, the City intends to lease the property for \$200,000.00 for the first five years with a consumer price index adjustment for the remaining years for a total lease agreement of 20 years with a one-time option to renew the lease agreement for an additional 20 years.

**ALTERNATIVES:**

The alternative is to reject this agreement and the City will have to look for another facility to house various City departments.

**FISCAL IMPACT:**

There is no fiscal impact for FY2020. Lease payment shall be budgeted in future years upon authorization of the agreements.

**Funding Detail:**

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

**RECOMMENDATION:**

Staff recommends approval of these agreements. This will provide additional office space that is needed for various departments.

**LIST OF SUPPORTING DOCUMENTS:**

None