



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of January 12, 2015
Second Reading Ordinance for the City Council Meeting of January 19, 2016

DATE: November 13, 2015

TO: Ronald L. Olson, City Manager

FROM: Valerie H. Gray, P.E., Executive Director of Public Works
ValerieG@cctexas.com
(361) 826-3729

Jeff Edmonds, Director of Engineering Services
JeffE@cctexas.com
(361) 826-3851

Commercial Land Lease Renewal Agreement with BBC Capital, Ltd.

CAPTION:

Ordinance authorizing the City Manager, or designee, to execute a Commercial Land Lease Renewal Agreement with BBC Capital, Ltd., for a 1.068-acre tract of land and a 0.20-acre tract of City owned land for use in their recreational vehicle park called Puerto del Sol RV Park, located at the northern end of North Beach at 5100 Timon Boulevard, for the monthly fee of \$572.00 per month for a second five year term beginning January 1, 2016 and ending December 31, 2020.

PURPOSE:

The Ordinance permits the City and BBC Capital, Ltd. to renew the existing commercial land lease which expires December 31, 2015 and enter into the second of four five-year terms. All terms and conditions of the original lease remain the same. The rental fee increases from \$550 to 572 per month as per the original lease agreement. Approval of lease agreements of City land in excess of twelve months requires City Council approval.

BACKGROUND AND FINDINGS:

In September 1970, the City of Corpus Christi entered into a five year lease agreement with Edward E. Hogan for two tracts of City owned land containing a total of 1.268 acres as shown on the attached City Council Exhibit. Tract 1 consisted of 1.068 acres of abandoned railroad right-of-way which later became Timon Boulevard. Tract 2 consisted of 0.20 acres out of Lot 7, Block 414, Brooklyn Addition. Both tracts were vacant and not utilized by the City at the time. These properties were not assigned to any particular City department and were considered

unused City right-of-way. Mr. Hogan simultaneously entered into another lease with Guaranty National Bank and Trust for 2.055 acres adjacent to both City tracts. The 2.055 acres and the City's 1.068 acres were combined and developed into what was known as the Fiesta del Sol RV park at the northernmost point of North Beach.

The City's lease with Mr. Hogan, which was renewable by mutual agreement of the parties, continued at a monthly rental fee of \$85.00 per month. On September 16, 1986, the City Council approved a new lease agreement with Fiesta del Sol, Inc. for the same two tracts. The lease was for a four (4) year term at the monthly rental fee of \$400.00 per month. This lease expired on September 15, 1990. At that time, Mr. Hogan sold his interest in the park to Mr. Ernest C. Sims. Mr. Sims continued his lease with the City on a month-to-month basis at the rental rate of \$450.00 per month based on the terms and conditions of the lease with Mr. Hogan.

The 2.055-acre property, which comprises the main area of the RV park, was purchased by BBC Capital, Ltd. (BBC) in 2006. The RV park continued to be operated under the lease with Mr. Sims at the monthly rate of \$450.00. In 2010, BBC took over the operation of the RV park as Puerto del Sol RV Park and requested that the City enter into a new lease agreement with them for twenty (20) years comprised of four consecutive five-year terms.

On January 11, 2011, City Council approved Ordinance No. 028914 allowing the City and BBC to enter into the initial five year lease agreement. As per the lease, each renewal of a new five year term would require City Council approval. City staff negotiated a monthly fee of \$550 per month for the first five years based on the land value of the City's 1.27 acres at \$110,000.00 in 2011. The monthly fee will escalate by 4% at the beginning of each subsequent five-year term. A termination provision is included in the lease in which the City can terminate the lease without cause, at any time, upon providing BBC Capital a 120 day written notice. The terms and provisions of the lease are included in the attached original Commercial Land Lease Agreement. BBC Capital has submitted a written request to enter into the second five year term at the new rental rate of \$572.00 per month. Approval of lease agreements of City land in excess of twelve months requires City Council approval.

ALTERNATIVES:

- 1) Disapprove the Ordinance and terminate the lease agreement. City will have to maintain the area.
- 2) Passage of the Ordinance to continue leasing the unused acreage and receiving the monthly revenue.

OTHER CONSIDERATIONS:

None

CONFORMITY TO CITY POLICY:

Conforms to City policy for lease renewal agreements

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Engineering Department

FINANCIAL IMPACT:☐ Operating☐ Revenue☐ Capital☒ Not applicable

Fiscal Year: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s):

Comments: None**RECOMMENDATION:**

Approval of the Ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

City Council Exhibit
Ordinance
Commercial Land Lease