



## AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting September 17, 2024  
Second Reading Ordinance for the City Council Meeting October 15, 2024

**DATE:** May 30, 2024  
**TO:** Peter Zanoni, City Manager  
**FROM:** Elsy Borgstedte, Assistant Director, Office of Economic Development  
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### Art Community Center of Corpus Christi, Inc. Lease Agreement No. 1

#### **CAPTION:**

Ordinance amending the lease with the Art Community Center of Corpus Christi, Inc. (Art Center) to expand the current premises from Cooper's Alley to Lomax Street, for construction of new facilities and capital projects with costs of the project to be borne solely by the Art Center, including maintenance of the parking lots, landscaping, and new facilities to the Art Center, including maintenance of the parking lots, landscaping, and new facilities to the Art Center; and providing for severance, publication, and an effective date. (6 votes required)

#### **SUMMARY:**

The purpose of this item is to extend the leased premises for use and operation of the Art Center, within the existing 20-year lease term. The current tenant is requesting the additional land to do a capital campaign to construct additional facilities. The capital project is estimated at \$12 million in private investment to construct additional facilities approximately 17,000 square feet to the north of the existing building for Creative Labs to provide youth and adult art studios and new clay studios.

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

In 1941, the U.S. government built a facility to be used as a recreation center for service men and women and turned over to the USO in 1947 for the American Legion to provide services to veterans. In 1958, the property was sold to the county to be used as the Tax Office. The city purchased the property in 1977 and used it as the City Hall Annex.

On August 23, 1988, City Council approved a 20-year lease agreement with Art Community Center of Corpus Christi, Inc., a non-profit corporation to pay for the renovations and update the building with private funds. In 1991, the renovated building was opened to the public.

On August 24, 1999, City Council approved Amendment No. 1 to the Lease. The original lease included a program of restoration and renovation for the rehabilitative use of the facility as an art center for use by local and visiting artists. Amendment No. 1 authorized renovation of the existing

building, construction of an additional building, expanded the premises, and extended the term to October 24, 2019.

On December 10, 2019, the City Council approved a new 20-year lease agreement for the premises to continue to be used for the Art Center's administrative headquarters and offices, information center and workrooms for local and visiting artists, meeting rooms for non-profit organizations, gift shop, lunchroom, fund raising events, special events, art fairs, fair markets, auctions, workshops, lectures, and art classes.

The proposed Lease Agreement Amendment No. 1 is to extend the current leased premises from Cooper's Alley to Lomax Street within the existing 20-year lease term to construct additional facilities that will provide art and clay studios for youth and adult educational classes, with the costs of the project to be borne solely by the Art Center. The amendment also includes capital improvements timeline, and turning over the maintenance of the parking lots, landscaping, and new facilities to the Art Center at the start of the new facilities construction.

**ALTERNATIVES:**

City Council may opt to make changes or not authorize the lease amendment.

**FISCAL IMPACT:**

The Art Center does not pay rent for use of the leased premises. They are, however, responsible for maintenance and repair of the leased premises.

The City is currently responsible for providing the following utilities services: water, wastewater, and gas, regular garbage collection and disposal, grounds maintenance, and property insurance.

The current lease agreement provides that the City is also responsible for anything beyond repair and maintenance to the extent of property insurance provided and including maintaining in good order the exterior painting of the current building and the parking lots.

The proposed amendment provides for the Art Center to take over the exterior maintenance for the parking lots, grounds and landscaping maintenance, and the maintenance of the facilities to include potential new improvements at the start of the construction and through the remainder of the lease term.

<b>Funding Detail:</b>	<b>Garbage Collection &amp; Disposal</b>	<b>Landscaping</b>	<b>Property Insurance Premium</b>
Fund:	1020	1020	5611
Organization/Activity:	12910	12915	40520
Mission Element:	141	141	141
Project # (CIP Only):			
Account:	530090	530225	537420

**RECOMMENDATION:**

Staff recommends approval of Lease Agreement Amendment No. 1 with the Art Community Center of Corpus Christi, Inc.

**LIST OF SUPPORTING DOCUMENTS:**

- Ordinance
- Lease Agreement
- Presentation

