



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of March 22, 2022
Second Reading Ordinance for the City Council Meeting of March 29, 2022

DATE: March 22, 2022

TO: Peter Zaroni, City Manager

FROM: Dante Gonzalez, Interim Director of Parks and Recreation
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Lease Agreement with Landry’s Seafood and Steak House

CAPTION:

Ordinance authorizing a 5-year lease agreement with Landry’s Seafood and Steak House – Corpus Christi Inc. to operate a restaurant on Peoples Street T-Head with monthly payments of \$7,950 through March 2023; \$8,427 through March 2024; and \$9,000 through March 2027, or 2.75% of monthly gross sales, whichever is greater, with effective date of April 1, 2022.

SUMMARY:

Parks and Recreation is requesting execution of a 5-year lease agreement with Landry’s Seafood and Steak House – Corpus Christi Inc for continued operations on People’s T-Head.

BACKGROUND AND FINDINGS:

Landry’s Seafood and Steak House – Corpus Christi Inc. has successfully maintained a lease at the Corpus Christi Marina since 2010. The most recent 5-year lease agreement between the City of Corpus Christi and Landry’s expired on December 31, 2019. As per that agreement, Landry’s has remained on a month-to-month lease agreement that requires a monthly payment of \$7,500 until such time that a new lease agreement is established.

In pursuance of creating a new lease agreement, the Parks and Recreation Department requested an Appraisal Report from Lowery Property Advisors, LLC to develop an opinion of the market value of the property located at 600 N Shoreline Blvd, which Landry’s Seafood and Steak House – Corpus Christi Inc. has occupied since 2010. The report concluded that the property value, as of September 29, 2021, was valued at an estimated \$9,000 for monthly ground lease rent.

In consideration of the Appraisal Report, the new lease agreement will include an escalated fee structure, which Landry's Seafood and Steak House – Corpus Christi Inc. has agreed to. The new lease agreement is as follows: \$7,950 per month or 2.75% of monthly "Gross Sales", whichever is greater, from April 1, 2022 through March 31, 2023, \$8,427 per month or 2.75% of monthly "Gross Sales", whichever is greater, from April 1, 2023 through March 31, 2024, and \$9,000 per month or 2.75% of monthly "Gross Sales", whichever is greater, from April 1, 2024 through March 31, 2027.

Landry's Seafood and Steak House – Corpus Christi Inc. has proven to be a valuable tenant of the Marina. They have consistently provided monthly payments in a timely manner, exhibited excellent customer service, and performed all requested changes and repairs when asked. Marina staff has referred to Landry's Seafood and Steak House – Corpus Christi Inc. as a model tenant. Parks and Recreation recommends approving the new 5-year lease agreement as presented.

In the Marina, there is a separate, privately owned barge that leases space from the City, but is not a commercial operation. The lease agreement for this privately owned barge will be presented to Council soon. This barge, along with the barge utilized by Landry's, are similar vessels; however, the lease agreements of the two vessels differ due to Landry's being utilized for commercial operations.

ALTERNATIVES:

An alternative would be to offer Landry's Seafood and Steak House – Corpus Christi, Inc. an alternate lease agreement providing continuance of a month-to-month lease with a rate of \$7,500. This alternative is not recommended as the City would receive significantly less total revenue, and Landry's Seafood and Steak House – Corpus Christi, Inc. has agreed to the proposed lease agreement with an escalated fee structure.

FISCAL IMPACT:

Overall, \$520,524 would be generated in revenue from the proposed agreement of which \$55,650 is expected for FY22, \$98,739 is expected for FY23, \$105,135 is expected for FY24, \$108,000 for FY25 and FY26, and \$45,000 for FY27.

FUNDING DETAIL:

| | | |
|------------------------|--------|-------------------|
| Fund: | 4700 | Marina Fund |
| Organization/Activity: | 35300 | Marina Operations |
| Mission Element: | 888 | Revenue |
| Project # (CIP Only): | N/A | |
| Account: | 323000 | Bayfront Revenues |

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing a 5-year lease agreement with Landry's Seafood and Steakhouse – Corpus Christi, Inc.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Lease Agreement