



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting June 14, 2022
Second Reading Ordinance for the City Council Meeting of July 19, 2022

DATE: June 14, 2022

TO: Peter Zaroni, City Manager

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

Commercial Land Lease Agreement with Blue Marlin Holdings, LLC

CAPTION:

Ordinance authorizing the execution of a 30 year commercial land lease agreement with Blue Marlin Holdings, LLC in lieu of a current five year lease for two tracts of City owned land totaling 1.268 acres for use as a recreational vehicle park called Puerto del Sol Recreational Vehicle Park, located at the northern end of North Beach in Council District 1, for a 30-year term from October 1, 2022, and ending September 30, 2052 for a monthly fee of \$1,225 with a fee escalation rate calculated based on the Consumer Price Index beginning on October 1, 2026.

SUMMARY:

The Ordinance authorizes a commercial land lease between the City and Blue Marlin Holdings, LLC from October 1, 2022 to September 30, 2052. The monthly rental fee is \$1,225 with a fee escalation rate calculated based on the Consumer Price Index beginning on October 1, 2026. All City land lease agreements for more than twelve months require 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. 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 of Lot 7, Block 414, Brooklyn Addition. Both tracts were vacant and not utilized by the City at the time. Since then, the area has been continuously leased by the City with as a recreational park.

In August 2021, the lease holder at the time, BBC Capital Ltd., finalized the sale of the property to Blue Marlin Holdings, LLC. The area was then renamed as Puerto del Sol RV Park.

On September 9, 2021, City Council approved a five-year lease with Blue Marlin Holdings, LLC at the monthly rate of \$1,225 from October 1, 2021 to September 30, 2026. Blue Marlin is now requesting to abandon the current five-year lease and execute a 30 year agreement with the City.

Blue Marlin Holdings, LLC is making this request in order to execute significant improvements to the leased land. However, the proposed improvements cannot be financed by Blue Marlin's financial institution without first securing a long-term lease with the City. Hence Blue Marlin Holdings, LLC is proposing a 30-year lease to secure financing for the proposed improvements.

The proposed improvements will include elevating the existing grade approximately three feet with sand or select fill for drainage, installing vinyl bulkheads, removing and replacing the overhead utilities with underground utilities, installing new lighting, replacing the gravel surface with concrete roads and pads, and installing new landscaping.

The monthly fee of \$1,225 remains the same based on the current lease with a fee escalation rate calculated based on the Consumer Price Index beginning from October 1, 2026. The rate increase calculation method is described in the agreement. The proposed lease will go into effect upon approval from Council and the current lease will terminate upon execution of the proposed lease.

ALTERNATIVES:

The City could opt to keep the current five-year lease which would cause Blue Marlin Holdings, LLC to be unable to secure the financial funding from its financial institution to conduct the improvements at Puerto del Sol RV Park.

FISCAL IMPACT:

If approved, the fiscal impact in each fiscal year is \$14,700 until 2026 when the fee escalation takes effect. The rental fees will be appropriated to the General Fund.

FUNDING DETAIL:

Fund:	1020 – General Fund
Organization/Activity:	11020 – General Government
Mission Element:	888 - Revenues
Project # (CIP Only):	N/A
Account:	343400 – Property Rentals

RECOMMENDATION:

City staff recommends passage of the Ordinance approving the 30-year lease agreement with Blue Marlin Holdings, LLC, effective October 1, 2022.

LIST OF SUPPORTING DOCUMENTS:

Location Map
Ordinance
Current Commercial Land Lease (10-01-2021 to 09-30-2026)
Proposed Commercial Land Lease (10-01-2022 to 09-30-2052)