

AGENDA 8

CITY OF PORT LAVACA

DATE: 7.30.2021
TO: PORT COMMISSION CC: J. RUDELLAT
FROM: JODY WEAVER, INTERIM CITY MANAGER
SUBJECT: POOR BOYS BAIT LEASE NEGOTIATIONS

The current lease for Poor Boys Bait expires on August 31, 2021. The current lease is in the names of Gordan McElvaney and Ausencio Rubio Reyna DBA Poor Boys Bait. On June 22, I reached out to Mr. McElvaney to verify his status with the partnership. He responded that he no longer owns any assets in Poor Boys Bait Stand.

Ausencio also known as Lencho, has applied for a DBA as a sole proprietorship under the name of Poor Boy Bait Stand.

He provided the following list of assets which he states he currently owns outright as Poor Boy Bait:

- 4 tanks each @ \$1500 = \$7,500
- Building = \$5,000
- Pumps = \$800
- Pvc pipes for live well = \$200
- Air motor = \$500
- Packaged ice outdoors and ice machine= \$3,000
- Deep Freezer= \$500
- TOTAL = \$17,500

Ausencio would like to have a longer lease, even 5 years if possible. I asked him what improvements he would like to make should he have the stability of a longer lease. He provided me a copy of his "wish list" for Poor Boys Bait:

- Add two more bait tanks
- A small stand to make fish and shrimp baskets
- Add a floor deck with a couple of tables for families to enjoy eating or to go foods
- Add a fishing sign for the Poor Boys "Catch of the Day" – where people can take a photo with their catch or just a photo with the Poor Boys sign (This is great for Facebook and TikTok posts etc. for "free" advertising)
- He would like to add kayak rentals if permitted.

The current lease is \$1300/month which includes \$800 for the Bait shop site and \$500 for two shrimp boat slips as part of Poor Boys. That equates to \$15,600 per year. The MCI as of last October was 256.84. The MCI has been steadily climbing since October. The most recently published MCI is June at 278.07, an 8.3% increase over last October.

Jim Rudellat visited with Keith Barrett at Aransas County Navigation District who has many small bait stands that they rent out. The Rent is \$800 - \$1,000 per month depending on location, size, condition etc. of the building and site. The ACND owns the permanent structures and often times puts them out for bids when a lease is up. In our case, the structure is a portable building and is owned by Poor Boys Bait.

I hope we can all agree that having a bait stand and working shrimp boats located right in our harbor offering a quaint fisherman's atmosphere is of value to our tourism. But it's not much value if the out-of-town people don't know it's there. I want us to think outside of the box for a bit and to give some consideration and value to out of town advertising when setting rental rates.

I am proposing that there is no increase in \$1300/month rental rate for Poor Boys Bait Stand in exchange for a commitment from Poor Boys to place a minimum half page ad in the Fall and Summer Visitors Guide of each year during the term of the lease. This is currently a value of approximately \$1,000 per year. Note a \$1,000 increase amounts to 6.4% over the current lease, but these advertising dollars are a win-win for both the City and Poor Boys. The City may not directly see this increase in cash payments of rent, but will see benefit in increased tourism and dollars spent in the City, not only at Poor Boys, but at gas stations, restaurants, hotels, etc. Following the first year, the rent would be adjusted per the Municipal Cost Index with a 2% minimum and 5% maximum. I will work with Lencho to provide a sign-in sheet for out-of-town patrons so we can all see where his customers are coming from.

As far as the location, there has been some discussion of moving the bait stand further east, where the concrete slab is currently located and is scheduled to be demolished soon. Lencho would be excited for this to happen and I believe would be a great location conducive to the improvements and expansion he is thinking about. If the Port Commission agrees, the lease will be written to allow a relocation at the discretion of the City.

Perhaps we can consider a similar term as Millers Seafood. A two-year lease with 2 each 1 year two-way options.