
CITY OF PORT LAVACA

COUNCIL MEETING: NOVEMBER 8, 2021

CONSENT AGENDA

DATE: 11.02.2021

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: JODY WEAVER, INTERIM CITY MANAGER



SUBJECT: RATIFICATION OF LEASES FOR SUITE 5 (Bay, Ltd); Suite 2 (Spiretek) and Suite 1D (Port Lavaca Plumbing) OF NAUTICAL LANDINGS OFFICE COMPLEX

BACKGROUND: In September, the Port Commission discussed new leases for the referenced Suites, which lease agreements were to expire on October 31. (reference memo dated 9.27.2021).

The Port Commission requested more information regarding electrical costs and whether the current rates were covering those costs. The memo dated 10.13.2021 discusses those findings and staff's recommendation. The Port Commission voted to accept staff recommendations, except to limit Spiretek's lease to a 1 year + 1 year option like the other two. All three tenants have accepted the new terms and have signed new lease documents. All three lease documents use the Standard Lease Agreement Language, as shown in the full copy of the lease for Bay, Ltd. attached.

FINANCIAL IMPLICATIONS: These three new leases will generate a total of \$65/month in additional revenue to fully cover the estimated utility costs for the tenants plus a share of the Day Room and Harbor Master's office.

RECOMMENDATION:

Ratify the Port Commission approval and the mayor's signature of these three lease agreements.

ATTACHMENTS:

- Applicable terms of the Standard Lease document for Spiretek (Suite 2)
- Applicable terms of the Standard Lease document for Port Lavaca Plumbing (Suite 1D)
- Full copy of the completed Standard Lease agreement for Bay, Ltd. (Suite 5)
- Port Commission Memo dated 9.27.2021
- Port Commission Memo date 10.13.2021

OFFICE LEASE AGREEMENT

DATE: November 1, 2021

LANDLORD: City of Port Lavaca, Texas, a Texas home rule municipality
202 N. Virginia
Port Lavaca, TX 77979

TENANT:

Company name & address: Spiretek International, Inc.
10782 FM 1960 Rd. West
Houston, Texas 77070

Home office address: Same

Contact #'s & email: Leonard Lan 281-970-5019
Leonard@spiretek.com

Local responsibility: Courtney Lacy 361-482-7681 courtney@spiretek.com
Desiree Calvaro 361-746-2086 desiree@spiretek.com

Emergency contact: any above

PREMISES: SUITE 2 NAUTICAL LANDINGS BUILDING

Approximate square feet: 1440 square feet

Name of Building: Nautical Landings

Street address/suite: Suite 2

City, state, zip: Port Lavaca, Texas 77979

Term (months): 12

Commencement Date: November 1, 2021

Termination Date: October 31, 2022 (a two-way, one year option to extend available)

TOTAL Rent (monthly): \$ 1,875.00 (INCLUDES utilities and access to Breakroom/restrooms)

Rent shall be adjusted on October 1st each year by the increase of the Municipal Cost Index as of the latest date it was published prior to October 1st with a 2% minimum and a 5% maximum. City may give a courtesy notice of any increase annually, however, failure to give such notice does not relieve Tenant of the obligation to pay such increases.

Permitted Use: Business Office establishment

Tenant's Electricity Share: \$200/month (*ref Section B.1.g*)

OFFICE LEASE AGREEMENT

DATE: November 1, 2021

LANDLORD: City of Port Lavaca, Texas, a Texas home rule municipality
202 N. Virginia
Port Lavaca, TX 77979

TENANT:
Company name & address: Rick Lewis dba Port Lavaca Plumbing,
106 South Commerce St., Suite I-D
Port Lavaca, Texas 77979

Home office address: Same

Contact #'s & email: Rick Lewis 361-676-2925

Local responsibility: _____

Emergency contact: _____

PREMISES: SUITE 2 NAUTICAL LANDINGS BUILDING

Approximate square feet: 205 square feet

Name of Building: Nautical Landings

Street address/suite: Suite I-D

City, state, zip: Port Lavaca, Texas 77979

Term (months): 12

Commencement Date: November 1, 2021

Termination Date: October 31, 2022 (ref. Section E Special Provisions)

TOTAL Rent (monthly): \$ 450.00 (INCLUDES utilities and access to Breakroom/restrooms)

Rent shall be adjusted on October 1st each year by the increase of the Municipal Cost Index as of the latest date it was published prior to October 1st with a 2% minimum and a 5% maximum. City may give a courtesy notice of any increase annually, however, failure to give such notice does not relieve Tenant of the obligation to pay such increases.

Permitted Use: Business Office establishment

Tenant's Electricity Share: \$100/month (ref Section B.1.g)

OFFICE LEASE AGREEMENT

DATE: November 1, 2021

LANDLORD: City of Port Lavaca, Texas, a Texas home rule municipality
202 N. Virginia
Port Lavaca, TX 77979

TENANT:

Company name & address: Bay, Ltd.
1414 Valero Way
Corpus Christi, Texas 78409

Home office address: Same

Contact #'s & email: Chris Perry 210-563-5247
PMO Director
PerryCR@BayLtd.com

Local responsibility: Jacob Silva 361-806-7677
silvaj@bayltd.com

Emergency contact: any of the above

PREMISES: SUITE 5 NAUTICAL LANDINGS BUILDING

Approximate square feet: 1160 square feet

Name of Building: Nautical Landings

Street address/suite: Suite 5

City, state, zip: Port Lavaca, Texas 77979

Term (months): 12

Commencement Date: November 1, 2021

Termination Date: October 31, 2022 (ref. Section E – Special Provisions)

TOTAL Rent (monthly): \$ 1,450.00 (INCLUDES utilities)

Rent shall be adjusted on October 1st each year by the increase of the Municipal Cost Index as of the latest date it was published prior to October 1st with a 2% minimum and a 5% maximum. City may give a courtesy notice of any increase annually, however, failure to give such notice does not relieve Tenant of the obligation to pay such increases.

Permitted Use: Business Office establishment

Tenant's Electricity Share: \$190/month (*ref Section B.1.g*)

Tenant's Insurance: As required by Insurance Addendum

Landlord's Insurance: As required by Insurance Addendum

Tenant's Rebuilding Obligations: If the Premises are damaged by fire or other elements, Tenant will be responsible for repairing or rebuilding the following leasehold improvements: All partitions, walls, ceiling systems, wiring, light fixtures, floors, finishes, wall coverings, floor coverings, signs, doors, hardware, windows, window coverings, plumbing, heating, ventilating, and air-conditioning equipment, and other improvements originally installed in the Premises by Tenant.

A. Definitions

A.1. "Agent" means agents, contractors, employees, licensees, and, to the extent under the control of the principal, invitees.

A.2. "Building Operating Hours" means 8:00 A.M. to 6:00 P.M. Monday through Friday, except holidays.

A.3. "Common Areas" means all facilities and areas of the Building and Parking Facilities and the related land that are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all tenants of the Building. Landlord has the exclusive control over and right to manage the Common Areas.

A.4. "Essential Services" means the following services: (a) air-conditioning and heating to the Premises reasonable for the Permitted Use (exclusive of air-conditioning or heating for electronic data-processing or other specialized equipment) during Building Operating Hours and at such other times at such additional cost as Landlord and Tenant may agree on; (b) hot and cold water for lavatory and drinking purposes; (c) electric current for normal office machines and the Building's standard lighting reasonable for the Permitted Use; and (d) lighting in Common Areas and fluorescent lights in the Building's standard light fixtures on the Premises.

A.5. "Injury" means (a) harm to or impairment or loss of property or its use, (b) harm to or death of a person, or (c) "personal and advertising injury" as defined in the form of liability insurance Tenant is required to maintain.

A.6. "Parking Facility" means the common area parking located on the Premises.

A.7. "Rent" means Base Rent plus any other amounts of money payable by Tenant to Landlord.

B. Tenant's Obligations

B.1. Tenant agrees to -

B.1.a. Lease the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

B.1.b. Accept the Premises in their present condition "AS IS," the Premises being currently suitable for the Permitted Use.

B.1.c. Obey (i) all laws relating to Tenant's use, maintenance of the condition, and occupancy of the Premises and Tenant's use of any Common Areas in the Building; (ii) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (iii) any rules and regulations for the Building and Common Areas adopted by Landlord.

B.1.d. Pay monthly, in advance, without demand, on the first day of the month, the Base Rent to Landlord at Landlord's Address.

B.1.e. Pay a late charge of 10 percent of any Rent not received by Landlord by the tenth day after it is due.

B.1.f. Obtain and pay for all utility services used by Tenant and not provided by Landlord.

B.1.g. Tenant shall reimburse Landlord directly for its electric service with a monthly sum of \$190.00, being a mutually agreed upon estimate of the average cost of electricity used monthly, based upon an energy rate of \$0.03883/kWh. Such payment for electricity is due on the first day of the month and is subject to a late charge of 10 percent, if not received by Landlord by the tenth day after its due. This monthly reimbursement amount will be reviewed annually and adjusted per any percentage change in the energy rate being paid by Landlord.

B.1.h. Allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants.

B.1.i. Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, normal wear excepted.

B.1.j. Submit in writing to Landlord any request for repairs, replacement, and maintenance that are the obligations of Landlord.

B.1.k. Vacate the Premises and return all keys to the Premises on the last day of the Term.

B.1.l. INDEMNIFY, DEFEND, AND HOLD LANDLORD AND ITS RESPECTIVE AGENTS, HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING

ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES IF CAUSED IN WHOLE OR IN PART BY THE ACTS OR OMISSIONS OF TENANT OR ITS AGENTS, INCLUDING IN WHOLE OR IN PART BY THE NEGLIGENT ACTS OR OMISSIONS OF TENANT OR ITS AGENTS. **THE INDEMNITY CONTAINED IN THIS PARAGRAPH (i) IS INDEPENDENT OF TENANT'S INSURANCE, (ii) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (iii) WILL SURVIVE THE END OF THE TERM, AND (iv) WILL APPLY EVEN IF AN INJURY IS CAUSED IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD, LIENHOLDER, OR THEIR RESPECTIVE AGENTS.**

B.2. Tenant agrees not to -

B.2.a. Use the Premises for any purpose other than the Permitted Use.

B.2.b. Create a nuisance.

B.2.c. Interfere with any other tenant's normal business operations or Landlord's management of the Building.

B.2.d. Permit any waste.

B.2.e. Use the Premises in any way that would increase insurance premiums, or void insurance on the Building.

B.2.f. Change Landlord's lock system.

B.2.g. Alter the Premises.

B.2.h. Allow a lien to be placed on the Premises.

B.2.i. Assign this lease or sublease any portion of the Premises without Landlord's written consent.

B.2.j. Smoking, vaping, and/or chewing tobacco products on the Premises or in the common area is strictly prohibited.

C. Landlord's Obligations

C.1. Landlord agrees to -

C.1.a. Lease to Tenant the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

C.1.b. Obey all laws relating to Landlord's operation of the Building and Common Areas.

C.1.c. Provide the Essential Services.

C.1.d. Repair, replace, and maintain the (i) roof, (ii) foundation, (iii) Common Areas, (iv) structural soundness of the exterior walls, doors, corridors, and windows, and (v) other structures or equipment serving the Premises.

C.1.e. TO THE EXTENT ALLOWED BY TEXAS LAW, BUT NOT OTHERWISE, INDEMNIFY, DEFEND, AND HOLD TENANT HARMLESS FROM ANY INJURY AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS, OCCURRING IN ANY PORTION OF THE COMMON AREAS. **THE INDEMNITY CONTAINED IN THIS PARAGRAPH (i) IS INDEPENDENT OF LANDLORD'S INSURANCE, (ii) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (iii) WILL SURVIVE THE END OF THE TERM, AND (iv) WILL APPLY IF CAUSED IN WHOLE OR IN PART BY THE ACTS OR OMISSIONS OF LANDLORD OR ITS AGENTS, INCLUDING IN WHOLE OR IN PART BY THE NEGLIGENT ACTS OR OMISSIONS OF LANDLORD OR ITS AGENTS, EVEN IF AN INJURY IS CAUSED IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF TENANT BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT.**

C.2. Landlord agrees not to -

C.2.a. Interfere with Tenant's possession of the Premises as long as Tenant is not in default.

C.2.b. Unreasonably withhold consent to a proposed assignment or sublease.

D. General Provisions

Landlord and Tenant agree to the following:

D.1. Alterations. Any physical additions or improvements to the Premises made by Tenant will become the property of Landlord and must be ADA compliant. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.

D.2. Signage. Landlord shall allow Tenant to place regulatory agency mandated signage (stickers) on or near the front entrance of the Premises.

D.3. Abatement. Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided, Tenant may not abate Rent for any reason.

D.4. Insurance. Tenant and Landlord will maintain the respective insurance coverages described in the attached Insurance Addendum.

D.5. Release of Claims/Subrogation. LANDLORD AND TENANT RELEASE EACH OTHER, AND THEIR RESPECTIVE AGENTS, FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR BUILDING, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE BUILDING, AND LOSS OF BUSINESS OR REVENUES THAT ARE INSURED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN INSURED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. **THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY OR ITS AGENTS BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY OR ITS AGENTS.**

D.6. Casualty/Total or Partial Destruction

D.6.a. If the Premises are damaged by casualty and can be restored within ninety days, Landlord will, at its expense, restore the roof, foundation, Common Areas, and structural soundness of the exterior walls of the Premises and any leasehold improvements within the Premises that are not within Tenant's Rebuilding Obligations to substantially the same condition that existed before the casualty and Tenant will, at its expense, be responsible for replacing any of its damaged furniture, fixtures, and personal property and performing Tenant's Rebuilding Obligations. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

D.6.b. If the Premises cannot be restored within ninety days, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue and Landlord will restore the Premises as provided in D.6.a.

above.

D.6.c. To the extent the Premises are untenable after the casualty, the Rent will be adjusted as may be fair and reasonable.

D.7. Uniform Commercial Code. Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code. Landlord may file financing statements or continuation statements to perfect or continue the perfection of the security interest.

D.8. Default by Landlord/Events. Defaults by Landlord are failing to comply with any provision of this lease within thirty days after written notice and failing to provide Essential Services to Tenant within ten days after written notice.

D.9. Default by Landlord/Tenant's Remedies. Tenant's remedies for Landlord's default are to sue for damages and, if Landlord does not provide an Essential Service within thirty days after default, terminate this lease.

D.10. Default by Tenant/Events. Defaults by Tenant are (a) failing to pay Rent timely, (b) abandoning the Premises or vacating a substantial portion of the Premises, and (c) failing to comply within ten days after written notice with any provision of this lease other than the defaults set forth in (a) and (b).

D.11. Default by Tenant/Landlord's Remedies. Landlord's remedies for Tenant's default are to (a) enter and take possession of the Premises and either sue for Rent as it accrues or accelerate all rent due under this lease and sue; (b) enter and take possession of the Premises, after which Landlord may relet the Premises on behalf of Tenant and receive the Rent directly by reason of the reletting, and Tenant agrees to reimburse Landlord for any expenditures made in order to relet; (c) enter the Premises and perform Tenant's obligations; and (d) terminate this lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages.

D.12. Default/Waiver. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provisions of this Lease or its acceptance of late installments of Rent will not be a waiver and will not estop Landlord from enforcing that provision or any other provision of this Lease in the future.

D.13. Holdover. If Tenant does not vacate the Premises following termination of this lease, Tenant will become a tenant at will and must vacate the Premises on receipt of notice from Landlord. No holding over by Tenant, whether with or without the consent of Landlord, will extend the Term.

D.14. Attorney's Fees. If either party retains an attorney to enforce this lease, the party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

D.15. *Venue.* Exclusive venue is in the county in which the Premises are located.

D.16. *Entire Agreement.* This lease, its exhibits, addenda and riders, are the entire agreement of the parties concerning the lease of the Premises by Landlord to Tenant. There are no representations, warranties, agreements, or promises pertaining to the Premises or the lease of the Premises by Landlord to Tenant, and Tenant is not relying on any statements or representations of any agent of Landlord, that are not in this lease and any exhibits, addenda, and riders.

D.17. *Amendment of Lease.* This lease may be amended only by an instrument in writing signed by Landlord and Tenant.

D.18. *Limitation of Warranties.* THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

D.19. *Notices.* Any notice required or permitted under this lease must be in writing. Any notice required by this lease will be deemed to be given (whether received or not) the earlier of receipt or three business days after being deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this lease. Notice may also be given by regular mail, personal delivery, courier delivery, or e-mail and will be effective when received. Any address for notice may be changed by written notice given as provided herein.

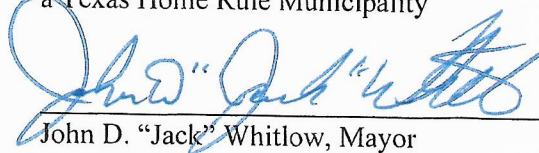
D.20. *Use of Common Areas.* Tenant will have the nonexclusive right to use the Common Areas subject to any reasonable rules and regulations that Landlord may prescribe.

D.21. *Abandoned Property.* Landlord may retain, destroy, or dispose of any property left on the Premises at the end of the Term.

E. Special Provisions

Tenant shall have the right with ninety (90) days advance written notice to City to exercise a single one (1) year option to extend the lease until October 31, 2023, however City shall have the right with sixty (60) days advance written notice to Tenant to deny any request to extend the lease and to terminate the lease at the end of the current term, being October 31, 2022.

City of Port Lavaca, Texas,
a Texas Home Rule Municipality



John D. "Jack" Whitlow, Mayor

(TENANT)



Printed Name: Robert Rickett

CITY OF PORT LAVACA

PORT COMMISSION MEETING: September 7, 2021

DATE: 9.27.2021
TO: PORT COMMISSION
CC: JIM RUDELLAT, HARBOR MASTER
FROM: JODY WEAVER, INTERIM CITY MANAGER
SUBJECT: NAUTICAL LANDINGS LEASES

Bay, Spiretek, and Port Lavaca Plumbing Leases will expire at the end of October, and all have expressed interest in a new lease.

I talked to Russell Cain and he said that rental office space in Port Lavaca is running \$1/SF and \$1.10/SF with utilities. I asked about the added value of a bay view and access to the deck and he said that an increase to \$1.25 with utilities would be fair with these added features.

It appears that these 3 leases are in the nominal range of Market as suggested by Russell Cain. I have indicated below what the new rate would be with a 2% increase. Recommendations for these leases will be on the October Port Commission meeting agenda.

Suite 4 (622 sf) Rent has been established at \$1.00/sf + \$68/mo for utilities. This equates to \$1.11/sf including utilities. (Note Council did extend a \$50/month discount for the current tenant and approved a 2 year lease with a 1-year option for extension). Suite 4 does have access to the deck, so with a new tenant or a new lease in 2 to 3 years, consideration can be given for another increase for Suite 4.

Suite 2 (1440 sf): (Spiretek) Currently this space is leasing for an overall rent of \$1.28/SF. (Suite 2 have a view of the bay, and access to the deck from the adjoining hallway). I have broken it out as follows:

Rent:	\$1.11/sf	\$1,600		
Elect. Estimate:		\$ 170		
Water Estimate		\$ 30		
Access to Breakroom/restroom		\$ 50		
Total:		\$1,850	\$1.28/sf	2% increase = \$1,887 \$1.31/sf

Suite 5: (1160 sf): (Bay, Ltd) Currently this space is leasing for an overall rent of \$1.22/sf. (Suite 5 is a very nice space but no bay view or easy access to the back deck). I have broken it out as follows:

Rent	\$1.01/sf	\$1,170		
Elect. Estimate		\$ 210		
Water estimate		\$ 30		
Total:		\$1,410	\$1.22/sf	2% increase = \$1,438 \$1.24/sf

Suite 1D: (Port Lavaca Plumbing) (205 sf): Currently this space is leasing for \$450/mo which equates to \$2.20/sf. Suite 1D is a small space with a bay view window and no direct access to the back deck. I've broken it down as follows:

Rent	\$1.71/sf	\$350		
Elect. Estimate		\$ 50		
Access to Breakroom/restroom		\$ 50		
Total:		\$450	\$2.20/sf	2% increase = \$459 \$2.24/sf

CITY OF PORT LAVACA

PORT COMMISSION SPECIAL MEETING: October 19, 2021

DATE: 10.13.2021

TO: PORT COMMISSION

CC: JIM RUDELLAT, HARBOR MASTER

FROM: JODY WEAVER, INTERIM CITY MANAGER

SUBJECT: CONSIDER RENTAL RATES AND TERMS FOR NEW LEASES: Suites 2, 5, 1D

As requested by the Commissioners at the last meeting, I have researched what we are paying for utilities and see how that is comparing to the revenue being generated in the rental rates currently being charged.

In a review of the Gexa Electric bills I have noted the following:

- the average electric bill for the North end of the building (including Suite 2) is \$664/month.
- the average electric bill for the South end (including the conference room) is \$269/month.

A review of the City water bills finds: (apart from obvious leaks)

- the average water bill for the North end is \$80/month
- the average water bill for the South end is \$45/month

The attached spreadsheet provides a break down of the current lease rental rates for these three leases as well as G4S, Edward Jones, and Something More Media.

With an allocation of \$106 for the Day Room electrical which should be paid with Marina rental rates, we are currently \$44 shy of breaking even on electrical costs.

With an allocation of \$20/month for the Day Room water which should be paid with Marina rental rates, we are breaking even with the water.

Staff proposal:

- 1) PL Plumbing: 1 year + 1 year option; starting rent unchanged at \$450/month with increase for year 2 if accepted equal to MCI with 2% minimum and 5% maximum.
- 2) Spiretek: 2 year + 1 each 1 year option: starting rent +\$25/mo or 1.6% increase for a total \$1.30/sf; annual increases equal to MCI with 2% minimum and 5% maximum
- 3) Bay Ltd: 1 year + 1 year option; starting rent +\$40/mo or 3.3% increase for a total \$1.25/sf; increase for year 2 if accepted equal to MCI with 2% minimum and 5% maximum.

This provides \$65/month in additional revenue which will pay for the \$44/mo needed to break even with electrical and contribute \$19/mo more toward the Day Room and Harbor Master's office electrical.

When Edward Jones comes due next year, we will increase their utility payments to be more in line with Spiretek and Bay.

NAUTICAL LANDINGS OFFICE BUILDING LEASES: Oct 2021

Suite 1D PL Plumbing 205 sf

Rent:	\$	1.585 /sf	\$	325.00
Elect:	\$	0.488 /sf	\$	100.00
Breakroom/restroom:			\$	25.00
			\$	450.00
			\$	2.20 /sf

Suite 1E/F G4S 320 sf

Rent:	\$	1.13 /sf	\$	360.80
Elect:	\$	0.39 /sf	\$	125.00
Breakroom/restroom:			\$	25.00
			\$	510.80
			\$	1.60 /sf

Suite 2 Spiretek 1440 sf

Rent:	\$	1.115 /sf	\$	1,605.00				
Elect:	\$	0.139 /sf	\$	200.00				
Water:			\$	20.00				
Breakroom/restroom:			\$	25.00				
			\$	1,850.00	\$	1.28 /sf	\$	1,875.00
							\$	1.30 /sf

Proposed New Lease:

\$ 1,630.00 (+ \$25)

\$ 200.00

\$ 20.00

\$ 25.00

\$ 1,875.00

Suite 3 Edward Jones 1055 sf

Rent:	\$	0.981 /sf	\$	1,035.00
Elect:	\$	0.095 /sf	\$	100.00
Water:			\$	15.00
			\$	1,150.00
			\$	1.09 /sf

Suite 4 SMM 622 sf

Rent:	\$	0.920 /sf	\$	572.00
Elect:	\$	0.109 /sf	\$	68.00
Water:				
			\$	640.00
			\$	1.03 /sf

Suite 5 Bay Ltd 1160 sf

Rent:	\$	1.034 /sf	\$	1,200.00				
Elect:	\$	0.164 /sf	\$	190.00				
Water:			\$	20.00				
			\$	1,410.00	\$	1.22 /sf	\$	1,450.00
								1.25 /sf

Proposed New Lease:

\$ 1,240.00 (+\$40)

\$ 190.00

\$ 20.00

\$ 1,450.00

Avg Elect. North end:	\$664	\$	558.00	\$ (106.00)	** This can be estimate for Day Rm and part of HM to be paid by Marina Rates)
Avg Elect. South end:	\$269	\$	225.00	\$ (44.00)	** This would account for the conference room
	\$933	\$	783.00		with extra \$65 revenue = OK!

Avg water North end:	\$80	\$	55.00
Avg water South end:	\$45	\$	50.00
	\$125	\$	105.00

\$ (20.00) ** For Day Room and to be paid with Marina Rates