



City of San Marcos

City Council Work Session

April 18, 2023

**Presentation
Item**

Receive a staff presentation regarding the use of a new Facility Lease Template for non-profit organizations



Cephas House



Purpose

- Provide Background of Facility Lease Agreements with Non-Profits
- Discuss Lease Agreement Issues
- Review Agreement Template Revisions
- Receive Council Direction



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Facility Lease Background

- Non-Profit Facility Lease agreements: 6*
- Number of Non-Profits: 4
- Total square footage of facilities: 34,000
- Average building age: 70 years old
- Total value of facilities: \$1,685,010**

* Does Not include Park or Airport facilities

** Hays Central Appraisal District does not frequently update values of City property and facilities (tax exempt)



Non-Profit Lease Agreement Facilities



Calaboose Museum



Cephas House



Community Health Center



Georgia Street Sr. Center



Mitchell Center



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Lease Agreement History

- 1990s - Majority of leases created
- Pre-2019 – Community Services Department administered facility leases
- 2019 - City experienced key staff turnover and retirements
- 2021 - Lease administration responsibilities reorganized to the Public Works Department



City Review with Non-Profits and Facility Inspections

- City met with each non-profit to discuss leases
 - How is lease working?
 - What issues are they experiencing?
 - What changes would they make?
- City conducted inspections of each facility with independent inspector



Facility Lease Agreement Issues

- Current Lease model is not sustainable for City, Non-profit, or facility
 - Non-Profits are limited by staff, funding, and facility maintenance knowledge
 - Facility repairs and maintenance are limited or non-existent
 - Facilities are in poor or declining condition
- Lease agreements are not uniform and vary broadly by non-profit
- Lease terms, language, and responsibilities are ambiguous or outdated
- Leases lack quantifiable metrics for annual reviews such as minimum hours of operation
- Some facilities are underutilized
- One facility lease expired / One facility lacks a lease agreement



Calaboose Museum Review & Inspection



Foundation Cracking



Roof Damage



Stress Cracking



Termite Damage

Facility Condition:

- Overall Condition: Fair
- Major facility repairs required

Calaboose African American History Committee

Issues/Requests:

- Lease responsibilities are ambiguous/unaddressed
- Request for improved janitorial services*

City Concerns/Findings:

- Limited hours of operations

* *Janitorial services are required of Lessee*



Cephas House Review & Inspection



Facility Condition:

- Overall Condition: Good
- Renovated: 2012
- Minor facility repairs required

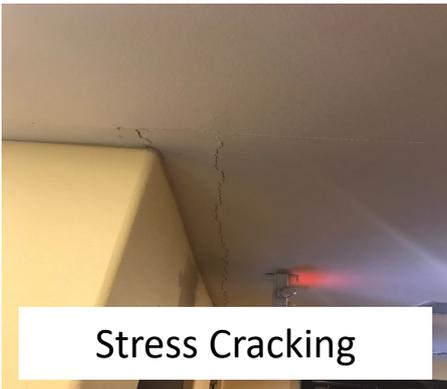
Calaboose African American History Committee

Issues/Requests:

- Request for lease "amendment" to Calaboose lease to include Cephas House

City Concerns/Findings :

- Calaboose is currently operating Cephas House without a lease agreement





Community Health Services Clinic Review & Inspection



Facility Condition:

- Overall Condition: Poor
- Major facility repairs required

Community Action Issues / Requests:

- Requested technical assistance for repairs
- Funding for repairs difficult due to grant restrictions

City Concerns/Findings:

- Cost of repairs nearing reconstruction costs
- ARP Funding: \$90,000



Georgia Street Senior Center Review & Inspection

Facility Condition:

- Overall Condition: Good
- Minor facility repairs required

Community Action Issues / Requests:

- Would request lease changes for assistance for major repairs
- Funding for repairs difficult due to grant restrictions

City Concerns:

- Current lease agreement is for the use of a parking lot – not the building
- ARP Funding: \$40,000



Ingress/Egress Issues



Aging Fence



Mitchell Center Review & Inspection

Facility Condition:

- Overall Condition: Poor
- Major facility repairs required

Boys & Girls Club Issues / Requests:

- B&GC has indicated that they would like to purchase property

City Concerns/Findings:

- City property / Building owned by B&GC
- No evidence that the facility is currently being utilized
- Cost of repairs nearing reconstruction costs
- Encroaching within the floodplain*

*Based on City GIS maps. Survey required for final determination.



Subfloor Water Damage



Water Leak Damage



Siding Rot



Stress Cracking

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Price Senior Center Review & Inspection

Facility Condition:

- Overall Condition: Poor
- Major facility repairs required

Greater San Marcos Seniors Assoc.

Issues / Requests:

- Would prefer assistance with maintenance and major repairs
- Would prefer an operations contract

City Concerns/Findings:

- Facility well utilized
- Facility in need of major repairs
- Facility in declining condition
- Ingress/egress issues
- ARP Funding: \$150,000





Recommendations to lease agreements and maximize community services

- Restructure lease agreements similar to standard landlord/tenant leases:
 - City is responsible for facility
 - Maintenance and repairs (over \$2,000)
 - Lessee is responsible for operations and services
 - Maintenance and repairs (under \$2,000)
- Standardize Leases with 10 Year Lease Term
- Identify and Quantify Operations & Community Services to be provided
- Clarify and Update Responsibilities
- Include Annual Building Inspection
- Require Quarterly Financial & Performance Report from non-profits

Description	Responsibility	
	City	Non-Profit
Major Maintenance and Repairs (Over \$2,000)	✓	
Pest Control	✓	
Facility Insurance	✓	
Mowing/Landscaping		✓
Minor Maintenance and Repairs (Under \$2,000)		✓
Service Operations		✓
Utilities		✓
Internet/security		✓
Renter's Insurance		✓



Council Direction

- **Do you agree with the new landlord/tenant model?**
 - City is responsible for major maintenance and repairs of the facility
 - Non-profit is responsible for daily operations and services
- **Do you agree with a maintenance repair threshold of \$2,000?**
- **Do you agree with use of 10-Year Term?**
- **Do you agree with identifying community service metrics?**
- **Proceed with revised Lease Agreement Template for negotiations with non-profits?**



Questions?