



# **City of San Marcos**

## **City Council Work Session**

### **Lease of Parks Premises between the City of San Marcos and San Marcos Lions Club**

March 16, 2021



# Purpose

- To provide information regarding the Lease of Parks Premises between the City of San Marcos and the San Marcos Lions Club that will expire on April 10, 2021, and receive Council direction.



# History & Background

- City Charter Section 3.07 requires that the City Council place a ballot proposition before the qualified voters of the city before entering into a lease of dedicated parkland for a term of more than 3 years.
- City Records first mention the Terms & Conditions of a Lease between the City and the San Marcos Lions Club being placed before the qualified voters of the City during a Regular City Council meeting on November 23, 1981.



# History & Background

- April 3, 1982 - First time lease agreement between the City and the San Marcos Lions Club was adopted by a majority of the qualified voters.
  - Lease was executed with a 5 year term and an option to renew for an additional 5 years.
- May 5, 1990 – Second time lease agreement between the City and the San Marcos Lions Club was adopted by a majority of the qualified voters.
  - Lease was executed with a 5 year term, and three consecutive 5 year renewable options. (April 11, 1991-April 10, 2011)



# History & Background

- **April 17, 2007** – Lease amended during the third option to renew for another 5 year term.
  - The San Marcos Lion' s Club was provided permission to operate a concession stand in Rio Vista Park. In exchange, the exclusive right to sell concessions in City Park and Rio Vista Park, the Lion' s Club offered to pay to the City 75% of the net profits from the proceeds of their concession operations. These funds were to be deposited into the same fund created for the franchising of river shuttles.
- **April 27, 2009** - The Lion's Club tube rental concession area, restrooms and kitchen areas were destroyed by a fire. The City Recreation Hall was not badly damaged.



# History & Background

- **November 2, 2010** – Third time lease agreement between the City and the San Marcos Lions Club was adopted by a majority of the qualified voters.
  - Lease was executed with a 5 year term, and four consecutive 5 year renewable options.



# Current Lease Key Components

- **Leased Premises** - Approximately 4720 square foot portion of the City Recreation Building, adjacent sidewalks, access to and shared use of public parking and public restrooms in the City Recreation Building.
- **Term:** 5 year lease with four additional terms of five years, each upon mutual agreement of Lessee and Lessor.
  - This will be the second renewal option.



# Current Lease Key Components

- **Rent:** This was the first lease since 1982 to require rent payments.
  - Rent payments were determined based on the total cost of the reconstruction of the portion of the building Lion's Club leased from the City that was destroyed by the fire in April 2009.
  - Rental payments will reimburse the City \$298,500 over the terms of the lease
  - Total rent collected to date is \$110,750





# Current Lease Key Components

- **Rent:** The current annual rent that San Marcos Lions Club pays to the City is \$11,350 per year (April 2016-April 2021). Rent is paid annually on or before September 30 of each year. Unless otherwise agreed at the time of any renewal under paragraph 2.01, the annual rent during any renewal period shall be as follows:

– April 11, 2021 through April 10, 2026	\$11,900
– April 11, 2026 through April 10, 2031	\$12,500
– April 11, 2031 through April 10, 2036	\$13,150



# Current Lease Key Components

- **River Clean Up:** The Lessee shall assist in the cleanup of the San Marcos River in and around the area of the City recreation building during City of San Marcos designated river cleanup events.
- **Amendment:** This Lease may be amended only by an instrument in writing signed by both parties.



# Parks & Recreation Board Recommendations

- **Limit Days of Operation:** Limit the days of operation for the lessee to offer commercial tubing and/or like recreation (rental and/or shuttles) to; 3 days out of Monday, Tuesday, Wednesday, Thursday, and Friday, and 1 day out of Saturday and Sunday. This will provide the river a period of rest from the commercial tubing operation and allow citizens to utilize the river for active recreation, which is often restrictive during the commercial tubing operation.



# Parks & Recreation Board Recommendations

- **Rent Increase:** Council should direct City Staff to determine fair market value for lease of the property based on local commercial real estate rates and similar municipal leases in other municipalities. Additionally, a surcharge of \$2.00 per tube rental and shuttle service must be added and provided to the City of San Marcos Parks and Recreation Department to support operations and improvements within the parks.



# Parks & Recreation Board Recommendations

- **Litter Pick-up:** The lessee must provide an employee to clean litter from the river channel, much of which is contributed by tubers. The Board recommends at least 2 hours of cleanup per operating day.
- **Lease Term:** Change the lease renewal from 5 years to 2 years. This will provide the City better flexibility in making changes if future changes need to occur.



# San Marcos Lions Club Response to Recommendations

- **Limit Days of Operation:** Lions Club disagrees with this stipulation and is adamantly against closing any days of the week.
  - They are willing to agree to only be open on weekends prior to Memorial and after Labor Day.
  - They feel that limiting the days of operation will only cause confusion to our customer base and will not allow us to have any staff to help with litter control and educate park patrons of park rules.



# San Marcos Lions Club Response to Recommendations

- **Rent Increase:** Lions Club disagrees with the drastic increase in rent. The rental agreement was mutually agreed upon by both parties with staggered rent increases built into the contract.
  - They have strived to keep the Lions Tube rental an affordable friendly event for all.
  - The 78666 area code is the most popular zip code from all their customers.
  - Increasing rent will not allow the Lions Club to keep it affordable for local families and will cause a drastic reduction in donations to local charities.



# San Marcos Lions Club Response to Recommendations

- **Rent Increase continued:**
  - In 2019 the they increased the tube rentals by \$2 a tube; and that caused an 11 percent decrease of tube rentals.
  - They would like to start a "River Park Improvements" donation fund to be utilized by the parks. They would start by having a donation page on their website and will add it to their Point of Sale asking every customer for donations to help keep the river and parks beautiful.





# San Marcos Lions Club Response to Recommendations

- **Litter Pick-up:** Agrees to add 2 additional hours for the weekends.
  - They would also cover the parking lot to the river and up to the pedestrian bridges in City Park. We will also cover across the river at Dog Park.
  - In addition, they would cover part of Rio Vista where our concession stands to the riverbank to Cheatham Street.
- **Lease Term:** Lions Club disagrees with changing the lease to fewer years than the citizens of San Marcos voted and originally approved.



# Staff Responses to Recommendations

- **Limit Days of Operation:** Staff believes that the intent will not be met.
  - Staff saw a great deal of river use by out of town visitors and residents last year following the Governor's order to shut down tube rental operations, and prior to our park re-closure.
  - Most of the daily phone calls that Parks & Rec Staff received during the summer months were from out of town visitors asking about river park use.
- **Rent Increase:** Staff remains supportive of the terms that were negotiated and approved in the 2011 lease agreement.



# Staff Responses to Recommendations

- **Litter Pick-up:** City Staff currently has the following litter abatement programs in place, along with a contract with Easter Seals for additional litter collection during the busy season, and supports the Lions Clubs recommendation for additional hours being provided by them on the weekends.
  - **Leave No Trace:** Tents with two interns are stationed in the busy river parks on weekends during the summer. The interns play educational games, pass out trash bags for visitors, and pick up litter and micro-litter in the parks. An educational video about litter (created by city staff) is played all day at the local tube rental facility.



# Staff Responses to Recommendations

- **Litter Pick-up continued:**
  - **Conservation Crew:** TXST students are hired each summer to walk and kayak the heavily used recreation areas of the river. These students talk to river users about the impact of litter, hand out trash bags, clean out three litter boats in the river, and pick up litter along the river. The kayakers talk with people on the river.
  - **River Clean Up Events:** Twice a year, volunteers cleanup the San Marcos River watershed within City limits. The cleanup has expanded from a small localized event to include all creeks, tributaries, drainage ditches and downtown streets that feed the San Marcos River.
- **Lease Term:** Staff remains supportive of the lease term as previously approved by the qualified voters of the City.



# Staff Recommendation

- Staff recommends approving the renewal of the lease with the amendments that have been agreed to by the San Marcos Lions Club.
  - Creation of a “River Park Improvements” donation fund to be utilized by the parks.
  - Adding an additional 2 hours for litter control on the weekends for a total of 4 hours on weekend days and 2 hours on weekday operation.



# Questions and Direction