PROPOSED NEW CITY HALL FACILITY

Vision for the City of Bayou Vista

To be recognized as a premier residential waterfront community on the Upper Texas Coast that appeals to people of all ages; that our community is a desirable place to live, work, play and stay; that our community appeals to multiple generations of family members and newcomers alike, now and in the future.

To establish a visually appealing and functional Bayou Vista City or Town Square that is anchored by a new City Hall, a gazebo, pool, park and playground.

Current Situation

The City of Bayou Vista City Hall is currently located at 2929 Hwy 6 Suite 100, Bayou Vista, TX 77563. Municipal Utility District 12 (commonly known as MUD 12) is the current leaseholder. The City of Bayou Vista has been a tenant since 1985.

The City of Bayou Vista is paying the current monthly rent, and the City is not building equity by owning its own facility.

The facility is not modernized, it is not secure, and space is limited.

The look and feel of the facility do not reflect the long-term vision that City leaders and residents have outlined.

The facility does not meet the needs of city officials, city workers, or the residents. The City Hall facility is cramped. It occupies approximately 800 square feet and includes the shared Mayor's Office and the City Secretary's office, Court Clerk office, Building Inspector office, and Police Department. Due to evolving legal and regulatory requirements, as well as increasing storage demand, the evidence room requires expansion, and facility upgrades to support both current operations and future operational needs in order to continue their progress toward becoming the premier Police Department for Bayou Vista.

Under the lease proposal from MUD 12, the City will be responsible for the financial burden to build out the facility to meet the specifications, yet Mud 12 restricts where the City employees can be located within the leased portion of the building.

Opportunity

The City of Bayou Vista has the opportunity to purchase the building that previously housed Vista Realty.

The building that the City proposes purchasing can serve as an anchor and source of pride for our community.

The new City Hall space would more than double our capacity to 1800 square feet on the second floor. The first floor would provide much needed storage capacity.

Although purchasing the building requires a higher financial commitment upfront, purchasing the building would provide the City significantly greater long-term value, stability, and operational control. Although the lease option offers a lower short-term financial commitment, the City is expected to assume increased maintenance risks and costs, requirements to adhere to landlord's terms and conditions about how that space can be utilized to perform City obligations. Continuing to lease from MUD 12 would not afford the City the opportunity to acquire an appreciable asset and build equity.

Given the City's strong cash position and the importance of stable, efficient municipal operations, purchasing the property represents a solid, long-term strategic investment opportunity.

Location

926 Bonita Drive, Bayou Vista, Texas 77563

Rationale

Opportunity to acquire an appreciable asset, purchase a building that can serve as an anchor to a Town or City Square concept, and provide additional space so that city officials and city staff can better serve the residents of Bayou Vista.

Benefits

Improved and more efficient service to residents and visitors
Better working conditions for city staff
Community pride
Long-term financial asset for the City
Modernized facility with better security and technology features
Ample parking
ADA compliance

Implications

Possibility of a minimal tax increase
Building renovation might necessitate that City will continue to pay rent to MUD 12.
If leasing the current facility is no longer an option, the City is prepared to establish temporary facilities to accommodate ongoing City Hall operations, city workers and city services.

Timeline

The timeline is dependent upon moving forward with the acquisition of the building or continuing to lease from MUD 12.

Conclusion

The purchase option requires a higher annual financial commitment but provides significantly greater long-term value, stability, and operational control. The lease option offers lower short-term cost but introduces maintenance risk, landlord control, and no equity.

Given the City's strong cash position and the importance of stable, efficient municipal operations, purchasing the property represents a reasonable long-term strategic investment. The City is comfortable absorbing the annual debt service for seven years in exchange for acquiring an appreciable asset.

Key Contact for Questions:

Bayou Vista Mayor Danny Rambin or any Bayou Vista Aldermen

City Facilities Financial Assessment – Lease versus Purchase Option

Purpose of This Review

This assessment prepared by James Cook, Alderman Position 5, provides a clear, objective comparison of two options for securing municipal office space for the City:

1. Leasing office space, or
2. Purchasing property and building out a permanent civic facility.

The analysis considers financial impact, operational effectiveness, long term stability, and strategic value.

Option 1: Lease Office Space

Key Terms

- Monthly Rent: $1,650 for 802 square feet
- Annual Cost: $19,800
- Lease Term: 1 year subject to renew annually upon expiration
- HVAC Responsibility: The City is fully responsible for the maintenance and replacement of HVAC system even though the City does not have access to the entire building.
    - Estimated HVAC replacement cost: $15,000
- Space Configuration: Landlord has the authority to determine how City offices are arranged and used.
    - City must assign space within the landlord's layout.

Operational Impact

- City departments—including the Mayor, City Secretary, Court Clerk, Building Inspector, Police Department and Evidence Lockers—must operate within a layout controlled by the leaseholder
- Inefficiencies in workflow, public access, public safety, City staff safety, and departmental coordination.
- Risk of City Hall being required to relocate or renegotiate the lease after 12 months.

Financial Impact

- Annual rent: $19,800
- HVAC liability: $15,000 potential exposure
- Total first year risk: $34,800
- No equity accrued and no long-term value created
- Exposure to future rent increases or “no deal” scenario and need to find another location which would not be easy to do

Summary of Lease Option

The lease provides short-term flexibility and low upfront cost, but introduces operational constraints, maintenance risk, and no long-term stability.

Option 2: Purchase Property

Financing Details

- Purchase Price: $360,000 + closing costs
- Financing: 7-year Limited Tax Note
- Interest Rate: 4.85%
- Estimated Annual Debt Service: $69,000–$72,000 (includes mortgage, taxes and insurance)
- Debt Service Funds Available: $40,000 (one-time amount currently available and can only be used to service debt)
- City Cash on Hand: $2,100,000
- Estimated Build Out Cost: $200,000 (fully fundable from cash reserves)

Operational Impact

- City gains full control over layout and design of all municipal functions:
    - Police Department
    - Court Clerk
    - City Secretary
    - Building Inspector
    - Mayor’s Office
- Facility can be purpose-built for efficiency, security, and public access.
- Permanent civic presence strengthens community identity and residents’ service delivery. Financial Impact
- Annual debt service: ~$70,000
- One-time $40,000 reduces initial financing burden
- Build out cost: $200,000 paid from existing cash
- City acquires a long-term asset with equity and potential appreciation

- Predictable occupancy cost for 7 years, then debt retirement

Summary of Purchase Option

The purchase requires a larger annual financial commitment but provides long term stability, operational control, and asset creation. The City's strong cash position makes the buildout feasible.

Side by Side Comparison

Factor	Lease	Purchase
Annual Cost	$19,800 + HVAC risk	~$69,000–$72,000
Upfront Cost	Minimal	$200,000 build out
Maintenance	City responsible for HVAC	City is responsible
Control of Space	MUD 12 controls	City controls
Stability	Low	High
Equity	None	City owns
Long-term Value	None	High
Risk Profile	HVAC failure, rent increases Potential cancellation of lease Potential relocation needed	Debt service obligation

Strategic Considerations

Leasing

- Short term solution
- Operational constraints
- No asset created
- Exposure to maintenance and rent risk
- Not ideal for police, court, or administrative continuity

Purchasing

- Long term civic stability
- Full control of facility design and operations
- Supports efficient service delivery
- Builds equity and strengthens the City's balance sheet
- Requires sustained annual debt service capacity

Conclusion

The purchase option requires a higher annual financial commitment but provides significantly greater long-term value, stability, and operational control. The lease option offers lower short-term cost but introduces maintenance risk, landlord control, and no equity.

Given the City's strong cash position and the importance of stable, efficient municipal operations, purchasing the property represents a reasonable long-term strategic investment. The City is comfortable absorbing the annual debt service for seven years in exchange for acquiring an appreciable asset from the date of purchase and beyond.