

Real Property Committee

9:00 a.m., Wednesday, January 9, 2019

The regular meeting of the Real Property Committee was held at 9:00 a.m., Wednesday, January 9, 2019 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Ferencz and Ward, Chair Bell, Interim Administrator Fragoso and Clerk Copeland; a quorum was present to conduct business.

1. Chair Bell called the meeting to order and acknowledged that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Ferencz moved to approve the minutes of the regular meeting of November 7, 2018 as submitted; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

MOTION: Councilmember Ward asked to suspend the rules to elect a Chair and Vice Chair of the Real Property.

Interim Administrator Fragoso stated that the Committees whose membership has changed were the ones with "Election of Chair and Vice Chair" on their agendas. If he wanted to elect a Chair and Vice Chair for 2019, it would have to wait until the next meeting when it would appear on the agenda.

3. Citizens' Comments

Jim Raih, 3904 Cameron Boulevard, said that "until the marina site becomes cash flow positive . . . the City cannot invest in further improvements there;" he stated that the citizens did not buy the marina to have a loss. He opined that replacing the fuel dock and repairing as many docks as possible and replacing docks that are unsafe was generous of the City; he indicated that a master plan for maintenance and upkeep was needed. He reiterated that the marina must carry itself. In conclusion, he said he did not know the amount the City had sold the small piece of property at 1100 Palm, but he noted that the owner of the three (3) lots is asking one point six million dollars (\$1,600,000). Referring to the marina assessment, Mr. Raih opined that the restaurant at the marina was the "premier" site for waterfront dining in the area.

4. Comments from Marina Tenants

Brian Berrigan stated that the marina store will be closed the week of January 21st for renovations; this closing is in conjunction with the replacement of the underground storage tanks. He had a drawing of the marina layout and directed attention to the end of 41st Avenue at the marina site; he asked that the City consider deeding that piece of land to the marina property to make the site less fragmented.

5. Old Business

A. Update regarding 1100 Palm and the right-of-way on Pavilion Drive

Interim Administrator Fragoso recalled that Council, in its November 2018 meeting, examined the appraisal and approved the conveyance of the portion of the building that is encroaching into the right-of-way. According to Section 1.10.18(2) of the Procurement Code, "Sale of real property may not occur until approval of an ordinance upon second reading." Included in meeting packets was a draft of an ordinance for the sale of the City's portion of the house at 1100 Palm, approximately eight hundred fifty square feet (850 sq. ft.) in the right-of-way to be referred to City Council for First Reading.

MOTION: Chair Bell moved to recommend that the draft ordinance be sent to City Council for First Reading; Councilmember Ward seconded.

The sale price was determined by the appraisal of the property that was required by the City Code, and the Interim Administrator added that the buyer will reimburse the City for the cost of the appraisal. The section of the right-of-way has been priced at ten thousand seven hundred twenty-five dollars (\$10,725).

VOTE: The motion PASSED UNANIMOUSLY.

B. Discussion of alternatives available to optimize the municipal parking lot on Pavilion Drive

This discussion started several months ago when the City was looking at ways to use the parking lot in the off-months and to generate revenue for the City. As the discussion of issuing a Request for Information started, Councilmember Ward recalled that the deed for the property had a restriction and suggested that the City look at the deed before proceeding.

A portion of the funds to purchase the property was from the Land and Water Conservation Fund Act that states "no property acquired using those funds or with the assistance of those funds, federal or state, shall be converted to other than public, outdoor recreation uses."

After more research and discussions with SCPRT, the Interim Administrator requested a definition of "outdoor recreational use," and they were unable to do so.

At Council, a structure providing the same amount or more parking was suggested, and, in that case, it would likely get approval from SCPRT.

If it is the will of the Committee, Interim Administrator Fragoso recommended for the City to issue a non-binding Request for Information (RFI) including the stipulation that any idea submitted must provide the same amount of parking as exists today. If any idea appears feasible and in keeping with the aesthetics of Front Beach, the Committee can take it to City Council for consideration.

MOTION: Councilmember Ferencz moved to go forward with an RFI for the municipal parking lot; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

C. Status of marina restaurant assessment and lease RFP

A contract has been executed with Hill Construction for a comprehensive assessment of the building; the Interim Administrator is trying to coordinate a meeting with Hill Construction, the architect and the restaurant owners to initiate the observation and site visits. With the work underway, she is hopeful that a report will be ready for Council in February.

D. Update on removal and replacement of the underground storage tanks at the IOP Marina

In early December, a pre-construction meeting was held at the marina to discuss the overall project and its impact on the businesses' operations; representatives from Summit Engineering, who will provide oversight for the project, Jones & Frank, the contractor, and the marina tenants attended. The project is scheduled to begin on January 21st; a temporary three thousand gallon (3,000 gal.) tank will be on-site to provide fuel during the project. Assuming no major weather incidents, the project is expected to take six to eight (6 – 8) weeks.

E. Update on marina docks rehabilitation project

The Committee will come back to this item when Kirby Marshall arrives.

6. New Business

A. Results of design/build RFP for remediation of the Public Safety Building

According to the Interim Administrator, staff reviewed the proposals submitted in the Request for Proposals (RFP) by the two (2) contractors selected by this Committee, Hill Construction and Trident Construction; the proposals were included in the meeting packet.

A Special Meeting for the Real Property Committee has been set for Friday, February 11th to give both contractors an opportunity to explain their proposals and to describe their approach to the project.

B. Consideration of proposals for consulting services (assessment, development of scope of work, bidding and construction oversight) for the marina bulkhead coating/repainting project

The FY19 budget contains one hundred seventy-six thousand dollars (\$176,000) for this project, and a placeholder is in the FY20 budget in case the project is not completed in FY19. The painting or coating of the bulkhead is considered an essential maintenance project; this will be the first time the bulkhead has been coated since it was installed in 2009. The City received two (2) proposals in response to RFP 2018-05; they were from JMT, the company that rehabilitated the bulkhead a few years ago, and ATM, the company under contract for the current marina docks rehabilitation. JMT submitted a cost of twenty-two thousand five hundred dollars (\$22,500), and ATM submitted a cost of twenty-one thousand dollars (\$21,000).

Interim Administrator Fragoso recommended awarding the contract to ATM because their proposal included an assessment of the bulkhead and developing a maintenance protocol plan. The money in the FY19 budget will cover the engineering services, an assessment, developing the scope of work, overseeing the bidding process, evaluating the bids submitted, recommending a contractor for the project and overseeing the construction.

MOTION: Chair Bell moved to award a contract to ATM in the amount of \$21,000 for consulting services for the marina coating/repainting project; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

Motion: Chair Bell moved to suspend the rules of order to go back to Old Business, Item E at this time; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

5. OLD BUSINESS

E. Update on marina docks rehabilitation project

The meeting packets include the three (3) scenarios developed by ATM for the docks on Morgan Creek; Concepts 1 and 2 were presented at the last meeting, and Concept 3 represents the changes suggested in that meeting.

Kirby Marshall of ATM reminded the Committee that Concept 1 was the closest they could come to replacing the docks in-kind with ADA access. In Concept 2, the dock on the north side of the boat ramp has been straightened out reducing congestion and providing added safety. Concept 2 also pushes the long, side-tie dock further out into Morgan Creek; the encroachment should not be a factor from a permitting standpoint, but it could lead to more scrutiny from a permitting agency.

Councilmember Ferencz also noted that in Concept 2 finger docks have been added to the end of the dock running beside Morgan Creek Grill along with the encroachment into Morgan Creek; the finger piers provide approximately one hundred linear feet (100 lnr. ft.) of dock space. An additional one hundred thousand dollars (\$100,000) would be needed for Concept 2 over Concept 1; Concept 2 without the finger piers at the end of the dock running beside Morgan Creek Grill increases the cost of Concept 1 by seventy thousand dollars (\$70,000). With Concept 2 the distance between the transient dock and the dock beside Morgan Creek Grill is about seventy-feet (70 ft.); currently the distance between these two (2) docks is fifty-one feet (51 ft.). In Concept 2 the length of the transient docks are approximately forty feet (40 ft.) longer than in Concept 3 which, according to Marina Manager Berrigan, is significant.

In addition to incorporating the suggestions made at the December meeting, Concept 3 pulls the transient dock back providing a distance of approximately forty-one feet (41 ft.) between the transient dock and the dock beside the restaurant.

Chair Bell stated that part of the situation was weighing the trade-offs of spend and that, in his mind, "the goal was dock remediation, fixing what was broken or non-compliant due to ADA, and there is a minimum that the City can do or it is responsible for and optimize the environment that has a delta of cost." The question is what is in it for the City to spend the additional money to optimize; based on the lease, he sees no reason to optimize when the City would not see a return on its investment.

Mr. Berrigan stated that one (1) reason would be an increase to the number of slips for residents in Concept 2.

Jay Clarke of Morgan Creek Grill stated that the Committee should consider the additional one hundred feet (100 ft.) of dock space in Concept 2 if it would bring additional revenue to the City. He recalled that several years ago he had offered, at his expense, to extend the finger piers on the Intracoastal Waterway; since the changes to those docks are in Phase III, therefore, years in the future; he has asked Mr. Marshall to provide him with a cost estimate to extend them today

Mr. Marshall stated that the extension of the finger piers would create thirty-two foot (32 ft.) slips

making it easy to dock a twenty-five foot (25 ft.) boat and would make them more useful. This idea would also cost approximately one-third ($\frac{1}{3}$) the cost of shifting them out more into the Intracoastal Waterway.

Marina Manager Berrigan offered to commit thirty thousand dollars (\$30,000) to the project if the Committee recommended Concept 2 **with** the finger piers at the end of the restaurant dock.

Councilmember Ferencz reminded those present that the Committee had been told to look at “needs” over “wants.” But Manager Berrigan explained that, in his eyes, the finger docks were a need in that they would be an improvement to the site, would increase efficiency and would increase “dockable” space. He stated that the demand was much greater than the supply.

Chair Bell stated that many residents would agree that access to the marina was a need.

The additional finger piers would create approximately eight (8) twenty foot (20 ft.) slips.

Michael Fiem of Tidal Wave Watersports expressed the opinion that Concept 2 was the best of the three (3) concepts. He added that, if he could afford to do so, he would pay for an ADA gangway at this dock.

Chair Bell said that this project was going to be the required repair of a City-owned asset done for the money it has to spend with the best return for the residents and the marina.

MOTION: Chair Bell moved to take the 3 concepts developed by ATM for the phasing of the marina docks repair and replacement; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

5

6. New Business

C. Discussion of procuring real estate services for the restaurant lease RFP process

The Chair recalled that the City has contracted with Hill Construction for doing the forensics to determine the condition of the restaurant at the marina, but no one in the City knows what to do beyond that to keep moving forward. He questioned the value of a restaurant on the Intracoastal Waterway; generally, he was seeking sound overall advice in a serialized manner to make certain the RFP process moves forward with the best information available to make the decisions going forward.

Interim Administrator Fragoso added that she had wanted the services of a commercial real estate professional to guide and advise the City through the RFP and bidding processes to ensure the best possible results for the City.

Chair Bell stated that, in order to be fiscally responsible to both the City and the residents, the Committee must accept that the City has more real estate available at the marina; the Tidal Wave lease is expiring, the terminus of 41st Avenue and a very limited restaurant space. He is looking for someone who can give the City good advice on what could be done with the parking at the marina and the geography of the property not under lease control to optimize the site for the residents and the City.

Councilmember Ferencz suggested looking for a real estate professional who has experience in marina restaurants or waterside restaurants.

D. Discussion of FY20 operating budget and Capital Plan

Budgets under the purview of the Real Property Committee fall into three (2) categories, and the first is the Front Beach Area, including the public restrooms, parking meters and lots and the beach walkovers. This budget includes:

- Replace white fencing at Ocean Villas or across from The Windjammer \$ 30,000
- Repair, replace or add a dune walkover 100,000
- Mobi Mat 15,000
- Maintenance contingency 25,000

The Interim Administrator stated that she was unaware of a dune walkover that needed to be replaced and no plans have been made to add one (1). The dollar amount of the Mobi Mat has been reduced based on the amount currently in inventory, and, as in other departments, the maintenance contingency will be studied to determine if it should be increased or decreased.

Chair Bell asked what the City would save if the County were to take over the public restrooms.

The Interim Administrator noted that the City has a contract totaling approximately one hundred thousand dollars (\$100,000) annually that pays for the attendant who is on-duty when the restrooms are open; the attendant is to insure that the restrooms remain supplied and clean and to report any problems to Director Pitts. In addition, the City pays for the day-to-day supplies, i.e. toilet paper, paper towels and soap. She noted that, the last time the City approached Charleston County about taking control of the restrooms, they showed no interest.

Chair Bell indicated that this might be the best time to approach them again since they are newly renovated.

Director Kerr said that the City has never broached the County about buying the restrooms although Mayor Carroll has said he would give them to the County; the Director suggested that the City might entertain a long-term lease so that the City retains ownership.

Councilmember Ferencz noted that the dune walkover at the restrooms has been designated an emergency access; that designation is the reason the City could build it as wide as it is.

The Beach Maintenance and Monitoring budget includes:

- Post-storm sand scraping/emergency berm (only if needed) \$250,000
- Required post-project monitoring (years 2-5) 24,142
- On-going monitoring of the entire shoreline 35,000

For the IOP Marina, the following funds have been budgeted:

- Marina docks improvements per ATM schedule \$735,000
- Maintenance contingency for common areas 50,000

- Painting of the bulkhead 176,000
- Marina maintenance for common areas 50,000

The funds for the docks improvements will be spent on the fuel dock area of the marina in FY20; the balance of the improvements to the Morgan Creek side of the marina are planned for FY21. The total for the Morgan Creek docks improvements are approximately one million two hundred sixty-five thousand dollars (\$1,265,000) for Section A of Concept 2.

Interim Administrator Fragoso stated that the funding for painting the bulkhead was a re-budget from FY19; if the project is completed in FY19, that number will be removed from the FY20 budget. She also noted that the Maintenance Contingency for common areas was a duplicate and would not appear in the next version of the FY20 budget.

E. Consideration of revenue generating opportunities

The Chair said that he added this to the Agenda to challenge City administration to look at franchise fees, impact fees, building permits, business license fees, etc.; he stated that the City must find new revenue sources. He asked what were things the City was not doing that could generate income. He stated that schedules he has seen clearly show that the City will not gain enough in property tax revenue to fund the necessary projects facing the City.

Councilmember Ferencz stated that staff and Councilmembers must take their blinders off and consider everything available to generate revenue for the City.

Councilmember Ward cautioned that, when increasing revenue, it should be material across the board, i.e. something that will increase revenues significantly.

F. Discussion of lot coverage and setback requirements

As the member asking that this subject be placed on the agenda, Councilmember Ferencz stated that she was increasingly seeing what she considered huge houses built on island lots; currently the building code allows for forty percent (40%) lot coverage, but these houses are also constructing wrap-around porches, four (4) car driveways and a pool in the back. She questioned that all of these impervious surfaces could equate to forty percent (40%) lot coverage. The Councilmember asked that Director Kerr look at lot coverage on properties like 17 – 30th Avenue; she said that this is a four (4) story property listed on Facebook as an investment property. Having spoken with residents on 30th, she was told that they were putting their houses up for sale because they no longer have a residential street, instead they have rentals that are getting larger and noisier.

In addition, Councilmember Ferencz asked at what stage of the construction process was the lot coverage determined and what happened between the first drawings and the finished construction.

Director Kerr explained that the lot coverage was first checked when the plan was submitted and that the plan was to include all of the porches, driveways and house coverage. The house is then checked when the foundation is up to insure that it adheres to the plans, and the City gets a certified survey down to the inch. In total, a surveyor provides certified statements five or six (5 – 6) times that the size and scale of the house meet plan specifications relative to height, flood, location of the foundation, and before the Certificate of Occupancy is issued, a final certification

of the lot coverage is submitted. The builders hire the surveyors, but they know that their licenses are on the line.

According to Director Kerr, the things that come back are related to pervious material because the City does not count land covered by it; based on the Planning Commission's studies, the City now has a regulation defining the infiltration rate required to be a pervious surface. Some communities define a percentage of vegetation coverage; Sullivan's Island requires that, regardless of the materials used, fifty percent (50%) of the lot must be vegetative. The Director asked that the addresses creating concerns for Committee members be sent to him, and they will be checked by the Building Inspector.

Councilmember Ferez indicated that she was not concerned about aesthetics, but about drainage.

G. Consideration of City arborist

Chair Bell opined that a property owner could have a tree identified as dying for a fee. He wanted the City to have a list of qualified arborists for residents to use that the Building Department staff has confidence in providing a true and accurate certification.

Having met briefly with Director Kerr, Interim Administrator Fragoso stated that they had arrived at a couple of recommendations they thought were worth consideration. The first was for the City to have a list of certified arborists required to be used when seeking to have a tree removed.

Director Kerr then reviewed the permit process for getting a tree removed. They fall into two (2) categories; they are for space to build or for hazardous and diseased trees or trees hazardous to an existing structure. The building code clearly defines the terms when a tree can be removed for construction; as for diseased or hazardous trees, the City Code currently allows an owner to hire an arborist of his choosing who would certify that the tree was diseased or "an imminent hazard" by its location to a house or structure.

The Director agreed that a list of three to five (3 – 5) certified arborists would be the simplest way to handle this issue; if a resident brought a certification from one (1) of the companies or persons on the list, the City would feel confident in issuing the tree removal permit.

The Interim Administrator said that she would seek counsel from Attorney Copeland about the City having a list of certified arborists and credentials.

7. Miscellaneous Business

All tenants were current with their rental payments.

Next Meeting Date: 9:00 a.m., Wednesday, February 6, 2019 in the Conference Room.

For the remainder of 2019, the Real Property Committee will meet on the first Wednesday of the month at 9:00 a.m. as often as possible.

8. Executive Session – not necessary

9. Adjournment

**MOTION: Councilmember Ward moved to adjourn the meeting at 11:00 a.m.;
Chair Bell seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland
City Clerk

DRAFT