

Real Property Committee

9:00 a.m., Wednesday, February 6, 2019

The regular meeting of the Real Property Committee was called to order at 9:00 a.m., Wednesday, February 6, 2019 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bell, Ferencz and Ward, Interim Administrator Fragoso and Clerk Copeland; a quorum of the Committee was present to conduct business.

1. Interim Administrator Fragoso 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. Election of Chair and Vice Chair

Councilmember Ward nominated Councilmember Bell for Chair, and Councilmember Ferencz seconded. With no other nominations, Councilmember Bell was unanimously elected Chair.

Chair Bell nominated Councilmember Ferencz as Vice Chair, and Councilmember Ward seconded. With no other nominations, Councilmember Ferencz was unanimously elected Vice Chair.

3. Approval of Previous Meeting's Minutes

MOTION: Councilmember Ward moved to approve the minutes of the regular meeting of January 8, 2019 as submitted; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

4. Citizens' Comments

Jamie Zazella, 104 Forest Trail, referred to a letter she has sent to City Council members opposing the proposed subdivision planned for the lots across from her home due to the flooding that already occurs on the street now. She read the letter into the minutes of the meeting; a copy is attached to the historical record of the meeting along with photographs of the debris that accumulates on her property from these lots and a copy of the drainage exhibit the developer presented to the City.

Henry Hagerty, 106 Forest Trail, also spoke about the proposed subdivision on Forest Trail, specifically about a "very odd post the realtor did on this development." He distributed photographs of his back yard because his property and the properties to be developed are all on the same flood plain. He said that the flooding seen has happened once a month since the fall, and he is going to develop a drainage plan that directs the water into his ditch to submit to the Building Department. Once approved, he will bring in a backhoe to dig the ditch to a depth of twelve inches (12 in.) as directed. He noted that, when drainage plans were done, nothing was said about water table studies; he told the Committee that his front yard was "a mud pit twenty-four (24) hours a day – it does not dry out because the water table has come up." He stated that the entirety of Forest Trail is below the level of the road. In his opinion the problems were that the flooding on Forest Trail has always been an issue and (1) one that everybody knows about; the addition of these residences will only make matters worse. He stated that the flooding was a

public safety issue, not just a problem. He anticipated a minimum of four thousand square feet of impervious surfaces going into this single development, and water will have no place to go.

5. Comments from marina tenants – none

6. Old Business

A. Update on RFI for municipal parking lot alternate uses

Interim Administrator Fragoso said that she had no update for the Committee at this time.

B. Discussion of Marina restaurant lease bid process/timeline

Referring to the timeline she developed, Interim Administrator Fragoso noted that the City is in the period assigned for the building assessment with a date late in March for its presentation to City Council.

1. Status of building assessment

The Interim Administrator reported that the building assessment was underway and that she has a meeting with Hill Construction tomorrow to get on update on their progress.

2. Status of engaging the services of commercial real estate consultant to guide and advise the City throughout the bidding process

In addition, she is working on the RFP for the real estate consultant to advise the City throughout this process; her goal is to have the RFP issued by Friday, February 15th. The City is giving respondents fifteen (15) days to submit their proposals and another fifteen (15) days for staff to evaluate them and make a recommendation to this Committee at its April meeting. Assuming a contract award at the April City Council meeting, the consultant would begin drafting the bid documents; the City will allow the consultant forty-five (45) days to complete the document and to advertise it the first week of July. The bids would be due the middle of August, and the submissions would be evaluated through the end of September.

Chair Bell set his goal to reduce the timeline as much as possible whenever possible.

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

The Interim Administrator reported that the old tanks have been removed, and the new tanks were in the ground. Ground samples were sent for analysis because signs of petroleum contamination were present, and the need for remediation will only be known when the results of the analyses of the soil samples are received.

A change order has been received from Jones and Frank in the amount of twelve thousand nine hundred twenty dollars twenty cents (\$12,920.20) for hose reels that were overlooked by the City and the Engineer in the addendum to the RFP. The Interim Administrator commented that the contingency fund for the project had money in it to cover this cost.

MOTION: Councilmember Ward moved to approve the change order for the hose reels in the amount of \$12,920.20; Chair Bell seconded and the motion PASSED UNANIMOUSLY.

D. Update on marina docks rehabilitation project

Since City Council approved the project to move forward with Concept 2, and ATM has started to prepare the permit applications and to schedule the pre-application meeting with DHEC and the Corps of Engineers to get as preliminary “nod” for the project. The conceptual drawings they will see will be changed and refined as the construction process nears based on funding availability.

E. Status of list of certified arborists

The intention of this list is to compile a list of certified arborists in which the City can place its trust to have true and accurate decisions on the condition of a tree. The City will recommend persons on this short list for residents to deal with when they want to remove a tree.

According to the Interim Administrator, Attorney Copeland was sent the portion of the January minutes where this request was made to determine if any Code issues need to be changed.

7. New Business

A. Discussion of proposed revenue generating opportunities

1. Increase to residential rental license fees

From the budget workshop on revenues held last week, these are recommendations on which Council reach a positive consensus. The current residential rental license is a combination of a base fee of one hundred seventy-five dollars (\$175) and an incremental rate of two dollars thirty cents (\$2.30) for each thousand dollars or portion thereof in revenue in excess of two thousand dollars. The recommendation out of the meeting was to double each rate, i.e. base rate of three hundred fifty dollars (\$350) and the incremental rate of four dollars sixty cents (\$4.60) for every thousand dollars or portion thereof in excess of two thousand dollars in revenue. This action would be expected to generate an additional four hundred eighty thousand dollars (\$480,000) in revenue from short-term rental licenses.

A rental is considered to be a short-term when the property is rented for any period less than ninety (90) days.

Chair Bell stated that one (1) thing the City has overlooked is the penalty for not getting a rental license; he believed the concept that penalties drive compliance.

Director Kerr said that the penalties imposed by the City of Isle of Palms were set by state law.

Councilmember Ward confirmed that the rental license increase would go into effect for the FY20 budget year.

According to the Interim Administrator, this change would be required to be done by ordinance.

MOTION: Chair Bell moved to increase residential rental license fees by doubling the base rate to \$350 and doubling the incremental fee to \$4.60/\$1,000 in excess of \$2,000 in revenue; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

2. Standardization of building permit fees

Staff was recommending that the building permit fees be standardized at a base rate of fifty dollars (\$50) plus five dollars (\$5) per one thousand dollars (\$1,000) of value.

MOTION: Chair Bell moved to approve the increase in building permit fees as stated above; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

B. Consideration of incorporating the end of 41st Avenue to the marina property

Chair Bell explained that this stretch of land was 41st Avenue from Waterway to its terminus; if Council were to approve this action, the land could be abandoned as a road and added to the marina property. It could be appended to the restaurant for use as additional parking, but it would not become part of any marina lease.

The first step would be for the City to get a quitclaim deed from The Beach Company for the land under the road and would then follow state regulations for abandoning the road. Interim Administrator Fragoso described it as a long and arduous process that would cost the City seventeen to eighteen thousand dollars (\$17,000 - \$18,000).

Chair Bell suggested not doing any further work until the real estate consultant could tell the Committee what the incremental value of that property could be to the marina restaurant lease.

Councilmember Ward said that he did not see the value in doing and asked what the plus side was.

Chair Bell answered that the marina has very limited parking under the existing lease terms for the marina restaurant building, but an option would be that the City could combine parking along 41st and the other properties the City owns along the waterfront to expand the commercial opportunities with Morgan Creek Grill.

Councilmember Ferencz said that she would not want to see staff spend any more time on this issue now.

Interim Administrator Fragoso noted that this idea was first introduced to the Committee by the marina operator because he would very much like to have an entry gate installed to better manage the property; to accomplish this the City would need to have some kind of agreement with him to supervise the property. It would allow the City the opportunity to make changes to the current lease when negotiating the addition.

C. Discussion of FY20 budgets for the Front Beach area, Beach Monitoring and Maintenance and the IOP Marina

On the updated schedules, the transfers-in have been separated out of revenue and shown on the second page.

All of the marina leases include a two percent (2%) annual CPI adjustment and no additional rent to be as conservative as was reasonable and with no change in the rent structure. The Interim Administrator reminded the Committee that the City's leases with Tidal Wave and Morgan Creek Grill expire in October 2020.

Each section of expenditures has a Maintenance and Service Contracts line; in future versions of the FY20 budget, the amount in that line will be a consolidation of the five (5) lines shown on this first version. Included in the consolidated number will be fifty-one thousand dollars (\$51,000) that is a provision for maintenance of City-owned property not covered in any of the leases.

Based on discussions with ATM regarding the length of time permitting is expected to take, no construction is expected on the marina dock rehabilitation in FY20; the City anticipates only incurring engineering and soft costs in the next fiscal year.

Interim Administrator Frago stated that ending section of the FY20 marina budget shows that the marina fund could pay for the first phase of the marina dock rehabilitation, the fuel dock, without transfers-in from tourism funds or incurring debt.

Chair Bell noted that the remaining two plus million dollars (\$2,000,000+) needed for the docks rehabilitation currently has no funding source, and that the City's lease income from the marina will only increase by the annual CPI. He opined that Council must decide what the value was "to the community of putting significant money in or taking on more debt for the marina relative to what we [the residents] get out of the marina." The intention of Council is to set aside the three hundred thousand dollars (\$300,000) previously used to pay off the marina debt to put back into the marina.

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The Interim Administrator reminded the Committee that tourism funds were transferred into the marina fund to service that debt.

In addition, this first draft does not include any capital improvements for the marina restaurant building or any increases to marina rents.

The Beach Preservation Fee Fund is shown with a three percent (3%) increase, the trend seen in recent years. The item in the line for Capital Outlay is the funding for an additional beach walkover or the remediation of an existing walkover. Rather than adding a beach walkover, a policy of previous councils, the Interim Administrator advocated for maintaining the existing beach walkovers; if an access path were to be identified in the future for a dune walkover, the project could be budgeted for at that time or an application could be made for Greenbelt Funds.

Councilmember Ferencz supported a study to determine how many beach accesses would be needed in the future, where they should be located and how many should be ADA accessible.

Councilmember Ferencz stated that the residential parking plan was year-round, but other parking was seasonal; she asked if staff had looked into all parking being year-round and the associated costs.

Interim Administrator Frago commented that Front Beach businesses struggle in the off-season and enforcing the kiosks year-round could be more harmful to them.

D. Discussion of maximum number of vehicles located at a short-term rental property

Chair Bell questioned the sensibility of making every effort to reduce parking on the City's streets while not acting to minimize the number of vehicles parked at the large rental properties. He opined that a twelve (12) bedroom house did not have sufficient parking for twelve (12) vehicles and the overflow was into areas designated for beach parking.

Director Kerr stated that only two (2) options were available to renters, either require all vehicles to be parked on-site or to limit the number of cars to be on-site and with overflow parking in the right-of-way. The current ordinance allows one (1) vehicle per approved bedroom or one (1) vehicle per two and a half (2½) people of the maximum overnight occupancy; new homes are limited to twelve (12) bedrooms.

Councilmember Bell commented that he has seen as many as twenty (20) cars at one (1) residence; therefore, he thought the subject needed more debate.

8. Miscellaneous Business

The Interim Administrator reported that all tenants were current with rent payments.

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

9. Executive Session – not necessary

10. Adjournment

MOTION: Councilmember Ferencz moved to adjourn the meeting at 10:38 a.m.; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk