

REAL PROPERTY COMMITTEE

2:00 p.m., Thursday, August 3, 2017

The regular meeting of the Real Property Committee was held at 2:00 p.m., Thursday, August 3, 2017 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Rice, Mayor ProTem Harrington, Chair Bergwerf, City Administrator Tucker, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business.

1. Chair Bergwerf 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: Mayor ProTem Harrington moved to approve the minutes of the regular meeting of July 18, 2017 as submitted; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Jim Smiley, 16-44th Avenue, indicated that he would be commenting on the dockage as proposed in the newest iteration of the marina redevelopment plan. He stated that he would like to be a strong advocate for the project, but he could only do so if the residents were the first consideration. In his opinion, the current plan "satisfies just about every constituency except the residents." Mr. Smiley reviewed the use of every dock included in the marina plan and noted that the only dock left for the residents was a dock referred to as the City dock that will have a public kayak/paddleboard launch space. He stated that the plan does not have any dedicated or designated space where residents without water access can store their boats in a slip; he indicated that he did not understand why accommodations could not be made for City residents, i.e. slips on which residents would have the first right of refusal. Mr. Berrigan has told Mr. Smiley that he would like to keep all of the dockage to the northeast of the boat ramp as commercial dockage and use the docks on the Intracoastal Waterway for non-commercial dockage. Mr. Smiley suggested that the City might have to make some hard business decisions in favor of the residents, i.e. does the City want a jet-ski rental business or slippage for residents?

Randy Bell, 22-41st Avenue, stated that he was not against a marina redevelopment plan that favors residents, but, as the plan exists today, it is not viewed as a value to the residents and, therefore, not worthy of the additional financial investment. He stated the following financial information:

- Projected lease revenue for this year is for hundred six thousand dollars (\$406,000); and
- Transfers-in from tourism funds will total approximately eight hundred four thousand dollars (\$804,000) to offset marina expenses.

He stated that he did not see a self-sustainable marina, particularly with the current lease arrangements and, potentially, an additional five and a half million dollars (\$5,500,000) of debt. The funding for the marina is dependent upon tourism taxes, and he added that one (1) major storm and the City would not have the money to fund it. He explained that his problem with the marina was that it is primarily for commercial use and not the residents. He commented that he has requested the data on the percentage of launches that are island residents versus non-residents; he added that he did not understand how Mr. Berrigan could deny residents an annual launch pass when it is part of the lease terms. Mr. Bell stated that it was the City's responsibility

to ensure that the tenants operated in compliance with the lease terms. He asked that the Committee discuss the marina more in financial terms rather than how aesthetically pleasing it could be; he asked information on how the marina would be funded going forward. He concluded that the sentiments he has heard from the residents of the island were not in favor of the marina project.

Garrett Krause, 1 Intracoastal Court, stated that he has lived on the island for a year and he has recently become more knowledgeable about City politics because he plans to live on the island for the rest of his life. He reiterated Mr. Bell's statements tourist dollars keep the City and its businesses running. He told the Committee that he is building a new home next to the one he occupies and that his home is a licensed short-term rental; he remarked that his tenants love the marina and take advantage of its various offerings. In his opinion, having attractions, other than the beach, keep tourist dollars on the island; he also questioned that island residents would bring enough revenue to the marina. He opined that pushing small businesses out of the marina "because island residents want their marina back" would be a mistake. He commented that, as a resident, he goes to the marina and enjoys all of the amenities it has to offer from breakfast at the marina store, to oyster roasts at Morgan Creek Grill, to renting jet skis.

4. Comments from Marina Tenants – None

5. Old Business

A. Update on consultant for removal/replacement of underground storage tanks

Administrator Tucker was pleased to announce that the consultant was now under contract and that they were presently reviewing the City's procurement code to develop the request for bids.

MOTION: Chair Bergwerf moved to hold the discussion of items B, C and D under New Business until after Executive Session; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

E. Discussion of items/activities for public education on the referendum

The Administrator recalled transmitting to Committee members an original draft of materials; she reported that staff went back to the materials prepared for the referendum to purchase the marina and modeled the information after them since that referendum was successful. Staff has already found that changes need to be made to that document which was the reason it was sent in draft form. Staff also thought that a question and answer type document would be helpful to the public as they contemplate their decision before going to the polls, and it is a work-in-progress at the moment. She added that staff was seeking directions and feedback from the Committee to ensure that staff does what Council and the Committee want to be done to educate the public in advance of the referendum, for example materials to prepare, advertisements, press releases or meetings to be held, as well as any feedback on the document they received.

Councilmember Rice indicated that she would like to hold a couple of walk-through meetings at the marina so that people can visualize the improvements as well as a meeting at the Rec Center.

The Councilmember questioned that people would read all of the written information provided to them and suggested a one (1) page document of bullet points and a visual, and she added that an overlay of the marina before and after would be an invaluable tool.

Chair Bergwerf thought that residents must be convinced that benefits to the residents have been included in the plan, such as organized parking with a safer traffic flow that would translate into more orderly parking for cars and trailers. She would also like to see each resident receive a one (1) page document that would show what the marina looks like now and what the plan is with a detailed explanation. The Chair also wants residents to understand that the marina was purchased with bonds that were paid from marina revenues and tourism funds with no tax increases to the citizens and the City intends to do the same thing with bonds for the revitalization. In addition, she wants residents to know that there are some expenses at the marina that must occur regardless of the results of the referendum, i.e. repairs to the bulkhead, dredging and the replacement of thirty (30) year old docks.

Mayor ProTem Harrington suggested that information should be provided stating what the consequences would be if the project does not move forward.

The Chair stated that she would like to have the information mailed to every registered voter on the island.

F. Update on public restrooms – Results of bid opening, schedule, temporary facilities, paint and size of stalls

Administrator Tucker noted that the bid opening was held at 2:00 p.m. today; she indicated that, until the bids are reviewed, there will not be a recommendation for award, but the bids can be announced.

Assistant Fragoso reported that the City received one (1) bid for seven hundred forty-three thousand six hundred dollars (\$743,600); breaking down the bid, the company quoted two hundred twenty-three thousand eighty dollars (\$223,080) for the restroom renovations and five hundred twenty thousand five hundred twenty dollars (\$520,520) for the boardwalk. The lone bidder was IPW Construction LLC, who the Administrator identified as the company pending award of the contract for the drainage project as the low bidder.

Director Kerr reported that the City had revised estimates from the project engineer and that the restrooms renovations were below the estimates but the boardwalk was at least one hundred thousand dollars (\$100,000) higher than estimated. He indicated that staff would need to weigh the pros and cons of rebidding the project.

The Chair asked if the City could award only the bid for the restrooms.

Responding to Councilmember Rice's question, Director Kerr replied that the material to be used was included in the bid specifications; he added that the boardwalk was going to be a sturdy and stoutly built bridge-like boardwalk that could support the weight of an ATV. The City anticipated that the boardwalk construction would be expensive because it is wide at eleven and a half feet (11.5 ft.).

Early on, the Committee discussed having temporary restrooms available while the renovations are taking place, and the preference was the kind one sees at a major event that are climate controlled and are handicap accessible. If the renovations take three to four (3-4) months, the estimated expense to the City will be significant; the estimate is approximately thirty-eight hundred dollars (\$3,800) per week.

Councilmember thought it was “crazy” to spend that amount of money per week; the Chair added that this was especially true in the off season when traffic would be reduced.

As for the paint peeling off the floors in the restrooms, the contractor has been on site to see what has happened, and he has agreed to re-do the floors preferably after the other renovations have been completed. His theory for the cause of the peeling is that something is pushing up through the slab; if his theory proves to be true, the peeling paint will be an ongoing problem.

The remaining issue is the size of stalls, and the Administrator recalled that someone suggested having one (1) stall larger than the other to accommodate a parent with small children accompanying them. Currently, the stalls are so small that a person can hardly move around.

Although the plumbing has been redone and the new toilets installed, Director Kerr said that two stalls could be combined by simply capping off the plumbing to one (1) toilet. He would get an cost estimate from a contractor so the Committee can make a decision.

The Chair thought that was a valid request.

G. Update on Beach Restoration Project

The Administrator reported that three (3) dredging contractors had attended the pre-bid meeting, and bids will be opened on August 15th. Today the project worksheet was posted to the City reverse chronology on the website; she hopes that potential bidders would look at the budget worksheet and know that the City does not have fifteen million dollars (\$15,000,000) for sand; other expenses, like engineering, have been paid from the project budget as well.

The Administrator added that the bid was structured to allow dredgers to choose when they would be available to dredge from two (2) time periods, i.e. October to March 2017-2018 or to wait a year. If the City were to get a more dramatically more competitive price for waiting another year, the engineer has suggested that the City might want to do that. Administrator Tucker said that she was hoping that situation does not occur because not only is she worried about the current hurricane season but also because the City has such as huge grant presence from two (2) different sources, the need might arise for the City to go to these funding sources to ask for an extension of time.

6. New Business

Discussion of MASC Hometown Economic Development Grants

Assistant Fragozo informed the Committee that this was the second year that the MASC has offered these grants which are to be used primarily for downtown revitalization; the grants are for

twenty-five thousand dollars (\$25,000) that do not require any matching fund; she and the Administrator were considering applying for a grant to revitalize Leola Hanbury Park since it is the gateway to the City. She reminded the Committee that the City submitted a funding request to connect the bike path from the Connector to Palm Boulevard thereby eliminating the need for cyclists to go through the intersection.

If Committee members have other ideas, she asked them to share thoughts with her.

The Administrator noted that last year the City had submitted an application for the "Secret Season" which was not successful.

The consensus of the Committee was to proceed with an application for Leola Hanbury Park.

7. Miscellaneous Business

Tenants Rent Reports – The Administrator told the Committee that she would communicate the report later in the meeting.

Next Meeting Date: 9:30 a.m., Thursday, September 7th, 2017 in the Conference Room.

MOTION: Councilmember Rice moved to go into Executive Session in accordance with S.C. Code Section 30-4-70(a)(2) at 2:40 p.m. to receive legal advice concerning potential claims related to City leases; Mayor ProTem Harrington seconded and the motion PASSED UNANIMOUSLY.

The Committee returned to open session at 3:28 p.m., and Chair Bergwerf announced that the Committee had not taken any action or a vote while in Executive Session.

5. Old Business

C. Discussion of request to relocate Tidal Wave Watersports further away from adjacent residential properties

Administrator Tucker stated that this item was on the Agenda as a result comments from the residential neighbors at the last Council meeting that he was not willing to wait until the completion of the marina revitalization for Tidal Wave to be relocated; he wanted the relocation to be done now. His request presents the Committee in the position to make a recommendation for an alternate location for Tidal Wave Watersports on the existing site prior to the marina project.

When asked if Tidal Wave ceased its operations after Labor Day, Michael Fiem replied that the business continues for a few weeks after Labor Day and starts up again in April.

The Chair asked Marina Manager Berrigan to join the discussion.

Mr. Berrigan stated that, in order to give Mr. Smith immediate relief, he suggested either talking with Jay Clarke, owner of Morgan Creek Grill, about swapping with Tidal Wave or he would offer to give up the space on his portion of the dock and relocate his clients to the Watersports

dock as a temporary solution. He added that he would eventually want the dock space on the Intracoastal Waterway returned to him.

The Administrator noted that, in order to fully accommodate Tidal Wave, construction would need to happen at either site identified.

Mr. Berrigan agreed, adding that a couple of fingers would need to be removed and the piles then construct something small at the end of the fixed pier.

Councilmember Rice asked Mr. Berrigan if he knew how much the relocation and hut would cost, who would be responsible for the expenses and whether a permit would be required.

Mr. Berrigan said that the only estimates he was aware of were those from ATM reflecting a permanent relocation and the cost was two hundred thousand dollars (\$200,000), including the ADA gangway to the dock. He stated that he thought it could be done for less than ten thousand dollars (\$10,000), but that does not include engineering costs or permitting.

Jay Clark of Morgan Creek Grill said that he would need to see a sketch to see the impact, but he did want to help the City with the transition.

Councilmember Rice suggested pulling back since Tidal Wave will only be operating for a short in September and not resume until April, leaving the Committee about nine (9) months to make the right decision.

Michael Fiem said that he thought the City should spend the money once, not twice; he also stressed that, for safety reasons, Tidal Wave needs to be as far away from the mouth of the marina as possible. Therefore, he would prefer the area Mr. Berrigan was offering over the Morgan Creek Grill space.

The Committee agreed that they need more information, particularly costs, before making a decision and a recommendation about a temporary location.

Mr. Berrigan voiced agreement with using some of his dock space for Tidal Wave, knowing that the relocation was a short-term fix and that the dock space would be returned to him.

The Chair asked that he get cost estimates for the next meeting. In addition, she asked how many residential boats were docked at the marina.

Mr. Berrigan thought that the marina has thirteen (13) resident tenants currently with a waiting list of approximately sixty (60) boaters. Mike Pickett, the dock master, said he did not remember the number of island residents on the waiting list.

When talking to Mr. Smiley during the Executive Session, the concept of storage for kayaks and paddleboard was discussed, and Mr. Berrigan thought it was a great idea; it would make it easy for residents to bike or drive their golf carts to the marina to engage in non-motorized water activities. Mr. Berrigan said he thought such storage should be added before the referendum to add another benefit dedicated to island residents.

Chair Bergwerf reminded those present that the marina conceptual plan was a necessity for the referendum but that it was not likely to be the finished product; she fully expected more tweaks to be made before the project was initiated.

Since this relocation is to be temporary, Michael Fiem repeated that Mr. Berrigan wants his dock space back and asked if that meant that Tidal Wave was “gone” and what they have done wrong.

The Chair assured him that Tidal Wave has done nothing wrong and that she considered the business as a “plus” for the marina. But she reiterated that all of the tenants must be willing to compromise and amenable to some give and take.

Mr. Fiem then noted that the current ATM plan has Tidal Wave located on dock space that currently are assigned to the marina manager in his lease, and without the marina manager’s blessing, the plan cannot be executed in its current form.

Councilmember Rice clarified that the referendum is not to approve any marina plan; it will be to allow for the borrowing of money to be used for a marina revitalization project.

The Administrator added that, until the City applies for permits, it will not know what it can build; both the Corps of Engineers and OCRM will review the plan and they may require that certain adjustments be made. She stated that she thought it important for everyone involved to remember that to execute any plan is going to take the will of the community and everyone involved working together to make it a reality. She expressed her appreciation for the negotiations that are being brought to the table.

The Administrator said that, if the City does the proposed work under its permit, it would likely require estimates from a professional. She inquired if it was the will of the Committee to have Kirby Marshall talk with Mr. Berrigan and the Fiem brothers and then to report to the Committee at the next meeting. Or did the Committee want the tenants to go to professionals they employ.

Since Tidal Wave will not be operating over the winter, Councilmember Rice was inclined to address the situation in the fall, possibly after the referendum.

The Administrator cautioned that Tidal Wave must be able to operate in April, and, if construction modifications must be made in order to do that, permit must be obtained, and engineering and construction must happen.

Relative to the City dock, Mr. Berrigan suggested that residents be allowed to park their motor boats there temporarily; he opined that it would be an added value to show residents that the plan is about them.

D. Discussion related to future marina leases

Chair Bergwerf said that this goes back to what she said earlier – the plan is huge, the referendum must pass and the City must have the flexibility to look at all of the marina leases and to see if changes need to be made. “Everyone must be willing to chip in.”

8. Miscellaneous Business

Next Meeting Date: 9:30 a.m., Monday, September 11, 2017 in the Conference Room

9. Adjournment

MOTION: Councilmember Rice moved to adjourn the meeting at 3:48 p.m.;
Mayor ProTem Harrington seconded and the motion **PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland
City Clerk