

REAL PROPERTY COMMITTEE

8:30 a.m., Friday, March 6, 2009

The regular meeting of the Real Property Committee was held at 8:30 a.m. on Friday, March 6, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Chairperson Cronin, Councilwoman Rice, Assistant to the Administrator Dziuban, Marina Manager Berrigan, Jay Clarke and Carla Pope from Morgan Creek Grill and City Clerk Copeland. The absence of Councilman Taylor was excused.

1. Chairman Cronin called the meeting to order and acknowledged that the press and the public had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meeting's Minutes

MOTION: Councilwoman Rice moved to approve the minutes of the regular meeting held Wednesday, February 11, 2009 and the Special Meeting of Tuesday, February 17, 2009 as submitted; Chairman Cronin seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments - None

4. Marina Manager's Report – Brian Berrigan

Mr. Berrigan informed the Committee that he had called SCE&G to check the transformers on the marina property; he stated that he had been especially concerned about the transformer next to the restaurant that tilts badly on its concrete pad. SCE&G determined that the restaurant transformer was stainless steel and in good shape despite the tilting, but that they would replace the transformer in the parking lot and the one behind the store. Mr. Berrigan said he would prefer to relocate the transformer behind the store to the area beside the propane tank; he reported that SCE&G had said they could relocate it easily since that was the place where the electrical feed comes in from the street. Mr. Berrigan informed the Committee that SCE&G was anxious to do the work, which would require the marina tenants to be without power for approximately eight (8) hours; they will perform the work at night if needed. SCE&G will replace only the transformers; they will not be financially responsible for the cabling or work necessary to relocate the one transformer; Mr. Berrigan stated that he believed that he could cover the additional costs in the sixty thousand dollars (\$60,000) contract he has with the City.

Assistant Dziuban reminded Mr. Berrigan that the motion made for the contract with the City stipulated that the work was to be done after Misener had completed the bulkhead, but she was understanding that Mr. Berrigan was ready to proceed

with this project. She also expressed concern that this work was outside of the contracted work and what would happen if funds were spent now and the contracted work could not be completed for a lack of funds. Mr. Berrigan said he thought the electrical work could be done for approximately ten thousand dollars (\$10,000), but he would postpone it until after the contracted work was completed. Chairman Cronin stated that the electrical work could be done in two (2) phases – 1) SCE&G replacing the transformers and 2) Mr. Berrigan relocating the transformer that feeds the docks.

MOTION: Councilwoman Rice moved that Brian Berrigan go forward with electrical work at the marina in two (2) phases to allow SCE&G to replace transformers and to relocate the transformer that feeds the docks as long as the costs do not exceed the \$60,000 previously contracted with timing to be coordinated with Morgan Creek Grill; Chairman Cronin seconded and the motion PASSED UNANIMOUSLY.

Chairman Cronin asked for Mr. Berrigan to explain the pricing quotes that had been included in member packets; Mr. Berrigan stated that there were quotes to replace fuel pumps that Administrator Tucker had requested for the FY10 budget. Mr. Berrigan noted that he was interested in only one (1) quote; it was the one from Jones & Frank, because it was the only one that interfaced with the POS system used at the marina store.

Councilwoman Rice asked how plans were progressing for the anniversary party at the marina. Mr. Berrigan related that he had prepared a request for ATAX funds to help subsidize the event and the next ATAX meeting was April 1. He anticipated setting the date for the party at the April Real Property meeting.

There was considerable discussion about Coastal Expeditions; Councilwoman Rice was concerned that there was enough liability coverage to protect the City since Coastal Expeditions does not have an agreement of any kind with the City. Mr. Berrigan stated that Coastal Expeditions has a lease agreement with him through Marina Joint Ventures.

There was considerable conversation about the location of the shed that houses Coastal Expeditions; it was decided that Mr. Clarke and Mr. Berrigan would be discuss the location and the use of the shed at times during the coming season for events that were planned for the grounds of Morgan Creek Grill with Coastal Expeditions and report back to the Committee.

5. Morgan Creek Grill Report

On the subject of the lease, Mr. Clarke had sent a letter to members of the Committee discussing the issue that Morgan Creek is in arrears with its obligations to the City. He explained that the auditor should complete the 2008 books in March, and a copy will be given to the City. Mayor Cronin said it was important for the City to have a payment schedule from them; in addition, Ms. Pope stated that the five thousand dollars (\$5,000) in additional rent would – hopefully – be paid this week. In response to Assistant Dziuban’s query, Mr. Clarke committed to having a written payment schedule at the next meeting

Mr. Clarke reported that the foundation of the restaurant had slumped when the vibration driving of the sheeting; he stated that he was going to have an engineer look at it. In addition, he explained that the guttering had been draining behind the sea wall, but that Misener had told them, that the drainage had to be re-routed so as not to wash away the sea wall. Mr. Clarke agreed to work with Mr. Berrigan and the Misener personnel to arrive at the best solution.

6. Old Business

A. Review of FY 2009-2010 Capital Budget

Assistant Dziuban reported that there was an additional schedule that indicates the funding sources for capital purchases. Councilwoman Rice wanted to know if were possible for the “Plant a Palm” marker to be funded from the Plant a Palm fund; Treasurer Suggs explained that there were no funds remaining in the original Plant a Palm Fund; it was now referred to as the Isle of Palms Brick and Palm Tree fund. Treasurer Suggs stated that she thought that fund could pay for the marker.

B. Update on Beach Restoration Project

Assistant Dziuban stated that she had received a schedule from Chris Jones that updated the activities occurring on the restoration project; a copy of the schedule is attached. She also reported that the City had received in excess of six hundred seventy thousand dollars (\$670,000) from the project grant from the State. She also noted that the post-project monitoring is proceeding as planned; Coastal Science and Engineering employees were here on Thursday performing compaction testing; these numbers will be submitted to the appropriate agencies to determine if the City should till before turtle season. The RFP for sand fencing and vegetation has been issued with the bid opening is scheduled for Tuesday,

March 17; this phase of the project is expected to go forward and to be completed before turtle season.

Mayor Cronin asked if the issue between the CSE contractor and U.S. Fish and Wildlife had been resolved; Assistant Dziuban responded that the revised report was submitted last week. CSE is giving the agency a week or so to read and study the report before following up, but they anticipate the revised report to be accepted.

C. Bulkhead Replacement Project Update

Assistant Dziuban informed the Committee that the regular progress meeting had taken place on Thursday; the Misener project manager was optimistic that they will meet the new contract date of March 30, 2009. The materials that were needed as a result of the change orders have been delivered with the exception of the hatch for the utility box. The Misener crew will be working over the weekend; therefore, the ramp will be down to one (1) lane. Mr. Berrigan confirmed that the barge would depart today and the crane was schedule to be removed next week.

D. Update on Dredging

Assistant Dziuban stated that the City had received the results of the survey ordered by the Morgan Creek Association, but the report had only raw data and did not include any recommendations. The Morgan Creek board is to meet next week; based on decisions expected at that meeting, a letter will be sent to the City with their recommendations and desires. Assistant Dziuban reported that Jon Guerry Taylor was still working on both the spoil site and the permit; she anticipates having this information available at the April meeting.

Councilwoman Rice stated that, if the work on the spoil site and permit was outside of the contract, i.e. the City was incurring additional charges; she thought the work should stop immediately. Assistant Dziuban said she would follow up with Jon Guerry Taylor.

The Chairman asked Assistant Dziuban to find other engineers capable of performing the functions that have been assigned to Jon Guerry Taylor.

E. Update on Marina Improvements Financing

Financing for the marina bulkhead replacement will be through a general obligation bond; Treasurer Suggs stated that the staff suggestion is for a ten-year term and the rate will be approximately six percent (6%) because it will be a taxable bond.

Assistant Dziuban notified the Committee that first reading was planned for a Special Meeting before Ways and Means on Thursday, March 12, 2009 so that final reading will take place at the Council Meeting on March 24. Bids are expected on April 15 with the sale of the bond scheduled for April 23.

7. New Business

A. Operating Budgets for FT 2009-2010

Municipal Accommodations Fee Funded Expenditures Front Beach Area

The only item that has been increased on this operating budget was *Machinery & Equipment Repair*; the increase is based on twelve-months' actual experience with repairs and maintenance on the kiosks and ticketing hardware.

State Accommodations Tax Funded Expenditures Public Restrooms/Front Beach Area Maintenance

Key items on this budget are the thirty thousand dollars (\$30,000) for the replacement of the roof of the public restrooms and the *Contracted Services* of eighty-six thousand dollars (\$86,000) for the Schupp Enterprises beach contracts.

Beach Restoration Fund Revenue

The expenses represented here are debt service on the loan, the reserve for future efforts and the post-project monitoring.

Beach Restoration Fund Expenditures

Reflected in this budget is post-project monitoring of the 2008 project site. The balance of the island's shoreline from Dewees Inlet to Breach Inlet will be monitored using funds the City has designated in its prior and current year budgets for this purpose.

Marine Fund Income

Treasurer Suggs explained to the Committee that the reduction in *Interest Income* was a result of the low rates in the market today and the fact that there is less cash on-hand because it is being spent on the bulkhead replacement.

Assistant Dziuban stated that the amount in *Marina Operations Lease Income* has been based on prior years because the marina management agreement remains a work-in-process for budgeting purposes. Depending on the decisions to be made about the marina management agreement, the actual income might be different.

Marina Fund Transfers In

In this budget are the transfers in from the General Fund, State and Municipal Accommodations Taxes and Hospitality Taxes to pay the principal and interest on the General Obligation Bond to be sold in April to fund the bulkhead replacement and possible dredging.

Marina Operating Budget FY 2009-2010

In the General and Administrative area of the budget, the key amount is three hundred thousand dollars (\$300,000) for dredging, whether it takes place in this budget year or an out year.

Assistant Dziuban reminded the Committee that the tenants are responsible for ongoing maintenance and repairs; therefore, there are no figures in those line items for either the marina store or the restaurant. The Marina Operations budget has been increased substantially due to the depreciation of the new bulkhead.

B. Discussion of Marina Request for Proposal

Assistant Dziuban called the Committee's attention to the draft RFP distributed in meeting packet. This RFP has been written as a lease agreement similar to the arrangements the City has with the other marina tenants. The City has the option to go to a lease as a result of the re-issuing of marina bond as taxable; benefits of the taxable bond are that the City can enter into an agreement with a longer term – this draft RFP suggests fifteen (15) years. Also, as a lease, the tenant would play a flat amount every month, which takes an accounting burden from the City of tracking the marina's gross revenue from operations. Assistant Dziuban asked that the Committee members take the draft, study it and provide feedback to the staff at that time; she did ask that the members to state any objections to a lease agreement, rather than a management agreement, before the work progresses further. The Committee was in general agreement to pursue the lease concept.

C. Award of Contracts in Excess of \$10,000 - None

8. Miscellaneous

Request from Tidal Wave

The issue has been resolved by the tenant; therefore, the request has been rescinded.

Request from Deputy State Underwater Archaeologist

Chairman Cronin explained that there are apparently some remnants of blockade runners on the beach, and the deputy archaeologist wants permission to attempt to identify the locations, which are expected to be between 4th and 5th Avenues and also 3rd Avenue, with ground penetrating radar.

MOTION: Councilwoman Rice moved to allow the Deputy State Underwater Archaeologist to search for the blockade runners as long as he remains on public property; Chairman Cronin seconded and the motion PASSED UNANIMOUSLY.

Chairman Cronin stated that residents in the area should be notified about what will be occurring, and he hoped the work could be accomplished before turtle season begins.

Marina Manager Berrigan stated that he knew that the City must do some repairs to the spoil site before it can use the site again; he reported that there was a company doing some digging at that site, and their track hoe fell off the dike and into the spoil site. He wanted the party that would be inspecting the site to be aware of this before any determinations were made about the scope of work for which the City would be responsible.

Next Meeting Date: 8:30 a.m., Thursday, April 9, 2009

9. Adjourn

MOTION: Councilwoman Rice moved to adjourn the meeting at 9:50 a.m.; Chairman Cronin seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted,
Marie Copeland
City Clerk