

REAL PROPERTY COMMITTEE

2:00 p.m., Thursday, March 3, 2016

The regular meeting of the Real Property Committee was called to order at 2:00 p.m. on Thursday, March 3, 2016 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Harrington and Rice, Chair Bergwerf, Administrator Tucker, Assistant Administrator Fragoso and Clerk Copeland; a quorum was present to conduct business.

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

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Rice moved to approve the minutes of the regular meeting of February 8, 2016 as submitted; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Comments from Marina Tenants

Since ATM has made the presentation of their concept for the future of the marina that does not contemplate the relocation of any structures, Jay Clarke of Morgan Creek Grill reported to the Committee that he was in the process of getting pricing for an elevator at the restaurant that would go from the ground level to the top deck.

The City is in receipt of the draft noise control agreement, and the Administrator gave Mr. Clarke a copy to review prior to his leaving. The Administrator noted that, when the noise ordinance was passed, the following phrase was added to Section 9-2-5(a)(3), Loudspeakers, etc:

“. . . provided, however, that any City-owned property subject to a commercial lease **and a noise control agreement or permit** is exempt from the requirements of this paragraph.”

Now that the time period has passed for Morgan Creek Grill's designation as a City-sponsored event to test their sound mitigation system and to have outdoor music, they must sign this new agreement with the City.

Mr. Clarke indicated that, once the lease extension has been signed, he will be ready to proceed with fencing to camouflage the dumpsters; for the time being, they have been relocated.

5. Old Business

Update on FEMA Project Worksheets related to 2 Category G Projects

Administrator Tucker commented that the City has two (2) projects that fall under FEMA's Category G for parks and open spaces; the damage related to the beach received from Joaquin falls into this category. The two (2) projects that qualify are the 49th Avenue beach access that needs to be repaired and the portion of the sand loss related to Joaquin that occurred on the

northeast end of the island; the FEMA reimbursement will be seventy-five percent (75%) of the eligible costs. Additionally the Administrator explained that a FEMA project worksheet is the equivalent of getting a grant commitment.

When asked about timing, Administrator Tucker stated that the 49th Avenue project could be done rather quickly once the City has the guarantee of FEMA's participation at seventy-five percent (75%). The major offshore dredging project is being planned for the fall of 2016, but there is a lot of work to be done to make that target.

7. New Business

A. Discussion of kayak landing/pocket parks/viewing station of Hammock Island

Referring to the materials in the meeting packet from the McDowells, the Administrator thought this was a nice idea for the island. The residents are advocating for the City to try to get some viewing destinations for the Hammock Islands on the island; the complication is that all of the sites identified by these residents are on private property. The City would, therefore, have to get the cooperation of the property owners to do what they are suggesting.

Chair Bergwerf commented that the City is in the middle of the planning for the marina, but she indicated that her first reaction was that Dewees residents would not like the idea of a kayak landing.

Councilmember Rice suggested that the space at the ends of 11th and 25th Avenues might be suitable for a kayak landing spot.

Administrator Tucker stated that the more public spaces the City creates, the more public spaces the City must maintain, and she acknowledged that the more passive areas are lacking in maintenance.

Councilmember Rice thought that this issue should move to the Personnel Committee for them to consider hiring someone to be responsible for such areas in the City.

If that were to happen, the City might want to add language about supervising contracts, because the City would continue to need some contracts, and need someone with more global responsibility to manage those contracts and make regular visits to the City sites and monitor the care they are getting.

When Chair Bergwerf asked about other possible spaces on the island, the Administrator noted that there are properties on the island belonging to the Beach Company that they would divest themselves of because they have approached the City in the past about them. One (1) such space is a small boat launch/landing at the end of 17th Avenue.

Chair Bergwerf stated that, at a space like that, the City would have to provide some kind of parking.

Councilmember Rice stated that her understanding of these pocket parks is that they are completely passive and that people are more likely to bike or walk to them.

The Chair suggested reaching out to Wild Dunes with the idea.

B. Discussion of Boat Ramp on Palm Boulevard

City staff typically refers to this boat ramp as the Breach Inlet boat ramp; the Administrator opined that it would be a C-grade ramp in that only boats of a certain size could use it. In order for people to use it, they must present proof of ownership and insurance and buy a key; the fee for one (1) calendar year is one hundred dollars (\$100) for residents and two hundred dollars (\$200) for non-residents. The ramp gets little public use by the key holders, but it is the primary water entry point for Fire Department personnel at that end of the island. This ramp comes up on the Capital Plan for replacement in FY17.

Chair Bergwerf pointed out that the ramp is critical to the well-being of residents and visitors to the City, but she thought that the City should not encourage the purchase of keys.

C. Review of Ten-year Capital Plan

Indicating that the budgets for this Committee were the most difficult to generate, the Administrator said that, between the ATM marina work product and the upcoming beach renourishment, it was important for staff to get something on paper that would enable dialogue without suggesting that there is only one (1) way to accomplish them.

For the discussion of beach restoration, the Committee has a handout with several funding scenarios as well as the proposed FY17 Capital Budget. The Administrator indicated that this subject is one (1) that Councilmembers need to be familiar with for the Wild Dunes Community Association (WDCA) meeting coming soon; Coastal Science and Engineering (CSE) will be making a presentation at the WDCA meeting.

The beginning number on the handout is CSE's estimate of the cost for the off-shore dredging project; the next number is the amount the City estimates coming from FEMA; the remaining balance must be funded by the City and the stakeholders.

The first funding distribution mirrors the percentage shares of the participants for the 2008 project applied to the cost of the proposed project after the FEMA grant; contributors to that project were the City, the State of South Carolina, Charleston County and the private stakeholders. In this scenario, the City would be responsible for two million eight hundred fifty thousand ten dollars (\$2,850,010), which it does not have, and the stakeholders' share would be nine million four hundred five thousand thirty-two dollars (\$9,405,032) with the balance of one million nine hundred ninety-five thousand seven dollars (\$1,995,007) to come from the State and from Charleston County – neither of which has yet agreed to participate. Recently, these same stakeholders have paid for their own sand, sandbags, repeatedly, and wave dissipation devices to try to protect their properties.

The issue to be addressed in the FY17 budget is the source(s) of funds for the City's share of a project possibly in the fall of 2016; the City budgeted approximately six hundred twenty-one thousand dollars (\$621,000) in the FY16 budget that will not be spent, but will roll over to FY17. A portion of the remaining funds would include one hundred percent (100%) of the June 30, 2016 ending balances from the Beach Preservation Fee Fund and the Beach Maintenance Fund totaling one million thirty-two thousand dollars (\$1,032,000); the balance of approximately one million two hundred thousand dollars (\$1,200,000) could come from a bank loan. When contemplating this project in the past, consideration was not given to exhausting the Beach Preservation Fee Fund or the Beach Maintenance Fund.

Administrator Tucker recounted to the Committee that the City had borrowed the money for its share of the 2008 project, and the same could be done again. The debt was paid back primarily with taxes collected from Wild Dunes.

Currently, the City is holding two hundred thirty-two thousand six hundred dollars (\$232,600) of stakeholder funds that were left from the 2008 project, making the amount to be paid by them at approximately nine million one hundred seventy-two thousand four hundred dollars (\$9,172,400).

According to the Administrator, FEMA has four (4) other South Carolina shoreline entities who will have project worksheets; they are City of Edisto, Edisto State Park, Hunting Island and Hilton Head. The City might be able to justify another project worksheet for mitigating further damages like these buildings sustained by putting together a hazard mitigation project and increasing the federal participation which is fifty-fifty (50/50) money. She added that, if the state were to put together a hazard mitigation project for the state's shoreline damages, the City could see the benefit of that; the problem is that she recalls a stipulation that an entity cannot award any contracts until it gets the grant award. Any project would have to be fast-tracked and put together quickly.

When Chair Bergwerf asked how the Governor's forty million dollars (\$40,000,000) would figure into the picture assuming it survives the budget process, the Administrator noted that again match money would be required. Although forty million dollars (\$40,000,000) is a lot of money, it is a "drop in the bucket" when it comes to beach restoration for the entire state shoreline. The Administrator noted that there is more listening and more championing of the state's beaches now than she has ever seen before; Senator Campsen has taken a leadership role.

Attention was shifted to the FY17 projected capital budget for Beach Restoration and Monitoring where the Administrator reminded the Committee that the City must front the money for the offshore dredging project. The City can get the stakeholders' money in the bank, but, on the grant side, the City must front the money and wait to be reimbursed. The full fifteen million dollar (\$15,000,000) expense for the fall 2016 project is shown in the FY17 Capital Budget; the Administrator anticipates that another project of similar cost will need to occur in about eight (8) years. Also included in this budget is seventy-five thousand dollars (\$75,000) for ongoing shoreline monitoring and the re-budget of twenty-five thousand dollars (\$25,000) for updating the Beach Management Plan. The Administrator noted that the City's regular monitoring of the shoreline was definitely beneficial with the City's progress on the project worksheet for FEMA.

When Councilmember Rice confirmed that the beach monitoring was continuing through Coastal Science and Engineering (CSE), Administrator Tucker reported that the City has had a lot of success with them in assembling money, in getting grants, and in getting permits.

For Breach Inlet, the rehabilitation of the ramp and gate replacement have been deferred until FY18.

The marina FY17 Capital Budget, includes the mandatory replacement of the four (4) underground fuel tanks with double walled tanks at three hundred thousand dollars (\$300,000); this has been rolled forward in order to meet the deadline and not be competing with the many other entities who will need to do the same. The question of whether or not they will be relocated has not yet been answered. Twenty-five thousand dollars (\$25,000) has been budgeted to replace the dockside fuel dispensers, only if they fail. Staff has estimated forty thousand dollars (\$40,000) for painting the bulkhead; the Administrator reported that staff has reached out to ATM to get a more accurate estimate for the job. The following items located at Morgan Creek Grill were deferred to FY18: the generator, walk-in freezer, hood/ventilation system and sprinkler system.

For marina Special Projects, staff took a risk by showing costs for work on the master redevelopment plan before Council has decided what it wants to do or when. In the first year (FY17), the budgeted funds would be for engineering, design and permitting; based on the initial controversy over the drystack, it does not appear on the budget until FY20.

Based on phone calls he has received, Councilmember Harrington suggested that a drystack might be acceptable to residents if it were only available to residents; Administrator Tucker stated that the marina manager had the same recommendation.

Chair Bergwerf questioned what would happen if all of the boat spaces were not filled by island residents; she then stated that the way ATM proposed the drystack was out of compliance with the City's height limit of forty feet (40 ft.) – the drystack with boats on the top would be forty-five or forty-six feet (45-46 ft.) tall. She considered ATM to be disingenuous to propose a plan that they knew would not meet the City's Code.

Administrator Tucker further explained that the FY18 budget was for the water-side of the marina and FY19 was for the land-side, and she added that she believes that the estimates are too low because the location is the Isle of Palms with its reputation of being an affluent community and an uptick in construction has pushed prices higher. She remarked that she is also suspicious of estimates when someone is trying to do a project and to make something economically feasible.

Since the City is planning a Special Meeting dedicated to the ATM Marina Master Redevelopment Plan, Administrator Tucker stated that Council members would be asked to submit questions of subjects they want to discuss about the marina.

The Front Beach FY17 Capital Budget includes the design costs for new public restrooms of one hundred one thousand thirty-four dollars (\$101,034) based on Liollo's old estimate, the repair/replacement/addition of a beach access at one hundred thousand dollars (\$100,000), the replacement of four (4) bollard lights near the County Park at seven thousand dollars (\$7,000)

and a piece of public art to replace the informational kiosk for ten thousand dollars (\$10,000). A new savings fund for a future project is seventy-five thousand dollars (\$75,000) to replace the underground infrastructure in the Front Beach area. According to the Administrator, the City still needs to replace part of the white fencing at Front Beach, but it has been deferred to FY18.

Chair Bergwerf asked whether money was being budgeted for upkeep and maintenance on the existing public restrooms.

Director Pitts reported that, in anticipation of the season, the restrooms have been pressure washed, lights need to be replaced and two (2) toilets are broken. He stated that he plans to use temporary labor to paint the interior and exterior before the season.

Councilmember Harrington asked why the City as a governmental agency cannot call on *eminent domain* to create a variance to really refurbish the existing restrooms and not spend a million dollars (\$1,000,000) to replaced them; he indicated that, as stewards of the taxpayers' money, the City should make better use of it.

According to the Administrator, the City cannot do that without jeopardizing everyone's flood insurance; everyone must play by the same rules. The City cannot do something that it is not willing to let all other residents of the City do, and, if the City goes to a lower standard for flood resiliency, the City would have to be prepared to let everyone go to that same standard.

Councilmember Rice understood that FEMA would punish the entire community with higher flood insurance rates if the City tried to circumvent its own regulations.

If the restrooms were not in a V zone, the Administrator remarked that the City would have more flexibility; a V zone is the most risky zone. In an effort to dodge the V zone requirements, the City hired experts to select the best location. She continued that, at-grade restrooms in other municipalities are in violation of the rules, and everything that is above ground is removed and the facility is sealed off if a major storm is threatening; frequently, it is a temporary kind of facility. There are other municipalities that have simply decided to take the risk; if FEMA came to the area and found it, the City would bear the consequences – to tear it down or to have significantly increased premiums for the community's property owners.

Chair Bergwerf noted that the City is vigorously trying to get money from the County and the Mayor has suggested that the additional funds from the parking lots and the increased fees at the kiosks be set aside for the construction of the restrooms.

Administrator Tucker cautioned the Committee that saving money as described above was the suggestion of one (1) Council member; no motion was made. If Council would like that to be formalized, a motion would be necessary.

When Councilmember Harrington asked whether the cost of the handicap parking space at 42nd Avenue was included in these funds, Administrator Tucker responded that the discussion was that the City should construct the parking spaces and continue to pursue grant funding for the handicap access.

The Administrator reported that she had followed up with the grant funding agency to learn why the City did not get funding, and she was told that they could not understand why the City needed two (2) parallel paths. Therefore, in the next round, the City will need to clarify why two (2) are necessary or re-design the project for a driving path and a walking path.

Councilmember Rice asked that, if the City were to consider hiring a parks and grounds person, would he also oversee Front Beach; she opined that it needs much more attention than it is getting.

Administrator Tucker agreed that the area takes a beating during the season; the problem is that the City is relying on the Public Works staff, occasionally some Recreation staff and others who have a heavy work load to notice and do these things, for example, when coming into the building recently, she noticed that the bushes were dying. Someone who has that responsibility would have noticed the problem long before they were dying and tended to them; he would also constantly be notifying the City when it needed to budget for the replacement of things that are deteriorating. Currently, the City is acting in a reactionary mode and asking people with full time jobs to do this "between the cracks."

The public restrooms have a daily attendant who is not a City employee and who is responsible to ensure that supplies are available, to report problems and to be a presence; the overall maintenance of the facility is the City's responsibility.

Councilmember Rice asked whether the Committee should ask the Personnel Committee to consider a position for parks and grounds for all City property.

Director Pitts stated that staff does not have time for the City's property and facilities around the island, and today a landscaper comes to the island every week to maintain the grounds. The Director thought a person in the capacity described would be an asset.

Administrator Tucker commented that contractors with the City, like the landscapers, need a City person to be responsible for supervising the contracts.

For Chair Bergwerf, the issue was whether the City was willing to take on another employee.

Councilmember Harrington suggested that the Administrator take to the Personnel Committee the addition of a position as described, and she stated that a person could be added to the operating budgets. He indicated that he would also like to see a list of responsibilities and recommended salary.

8. Miscellaneous Business

Tenant Rents Report

The Administrator stated that she had not gotten that information prior to the meeting, but would have it for the Ways and Means Committee meeting.

Next Meeting Date: 2:00 p.m., Wednesday, April 6th in the Conference Room

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9. **Executive Session** – not needed

10. **Adjourn**

MOTION: Councilmember Harrington moved to adjourn the meeting at 3:00 p.m.; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland