

REAL PROPERTY COMMITTEE

9:30 A.M., Monday, March 6, 2017

The regular meeting of the Real Property Committee was held at 9:30 a.m., Monday, March 6, 2017 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 2, 2017 as submitted; Councilmember Harrington seconded and the motion **PASSED UNANIMOUSLY.**

3. **Citizens' Comments – None**

4. Comments from Marina Tenants

Jay Clarke, owner of Morgan Creek Grill, asked about the progress on the insurance claim that included claims for damages to the air conditioner on the roof and the condenser for the ice machine at the restaurant from Hurricane Matthew. He asked that he be included in any information the City might receive about the claim.

Administrator Tucker noted that the claims have been filed, but that she has not received any information since the adjuster was on the island.

Michael Fiem, Tidal Wave Watersports also located at the marina, informed the Committee that the gate to his business has no power; he reported that the electricity had been shut off for the winter. With the storms and king tides, he has seen the relay box below the lock inundated with salt water. He was interested in moving the relay box to avoid such situations in the future. The receptacles on the land side of the hut are tied to the same relay box, so they were not working when he was at the marina over the weekend.

Administrator Tucker said that she would send William Seabrook, the City's building inspector, to ensure that moving the relay box would not be a violation of the code.

5. Old Business

A. Discussion of Morgan Creek Grill lease

Accompanying Mr. Clarke was John Dodd, his attorney, for this discussion. Mr. Clarke stated that they had intended to have all of their information ready to present at this meeting, but they have not yet finalized the documents to negotiate "a fair lease and extension." Mr. Clarke indicated that they could have the package ready in a few days to send to the City Administrator and the Committee members, but he was aware of the crunch to get the lease resolved before

the busy season begins. He expects to have “give and take” in the negotiation process and asked if a Special Meeting could be scheduled before the April regular meeting.

Mr. Dodd stated that, in the course of discussions with Mr. Clarke over the weekend, it became apparent that they would not be prepared to present the information at this meeting. He said that he has advised Mr. Clarke that he should provide to the Committee the information he has gathered well in advance to the meeting to give the Committee members ample time for study.

Mr. Dodd told the Committee that they have been working with Peter Kent, the restaurant’s certified public accountant, and Joseph Guerry, a NAIA appraiser, who contributed to the information that will be provided.

The consensus of the Committee was that they could not calendar another meeting into the month.

Since Mr. Dodd was not in attendance at the February meeting, Administrator Tucker reiterated what Mr. Clarke was told; she indicated that the information included in the minutes of that meeting would clearly state what the Committee would be expecting to see when negotiations start. She noted that, if the package was incomplete or something totally unexpected was included, negotiations would be difficult; she urged Mr. Clarke and Mr. Dodd to be thorough and think about everything so that nothing was added at the last minute.

On the subject of the walk-in freezer, Mr. Clarke stated that the freezer was at a point of failure, and he distributed several photographs showing the structural damage the condensation of water from the freezer has caused. He noted that the dampness and damages would not influence the termite inspection, and he reported that he was waiting on the contractor to dig the trench to remove the standing water under the restaurant. He submitted two (2) scenarios related to the freezer replacement; the first would involve replacing the walk-in in the current location, and the second would be to relocate the freezer when it is replaced. In Option One, the work is estimated to take six (6) weeks and would require closing the first floor dining room during the work period; new sprinklers are now required that costs approximately sixty-seven hundred dollars (\$6,700). The total cost to replace the walk-in in its current location was approximately sixty-five thousand dollars (\$65,000); the total includes the structural repairs needed. In Option Two, the work would take twelve (12) weeks but would not require closing the main dining room; this option describes new construction of a walk-in freezer structure, a storage area, loading dock with fencing and a gate sprinkler system and alterations to the handicap ramp. The total cost for Option Two has been estimated at one hundred thirty-one thousand two hundred fifty-eight dollars (\$131,258); the intent with this option is to make the restaurant more aesthetically pleasing.

Administrator Tucker opined that they could likely be running against City building codes to have the walk-in freezer outside; she also asked if everything needed to repair the damages was included in the cost estimates.

On the other hand, Mr. Clarke was confident that the plans would be approved and that everything was included and code compliant.

In Mr. Dodd's opinion, the question was should they to do an upgrade with a new location for the walk-in freezer and aesthetic changes to make it a more valuable asset for the City and more functional for the restaurant; he stated that the City has set aside one hundred ten thousand dollars (\$110,000) and the cost is twenty-one thousand dollars (\$21,000) more than that amount. Mr. Dodd added that they think Option Two would be a substantial improvement that will reduce truck traffic and increase revenues for the restaurant and the City.

Councilmember Rice pointed out that they do not know if they will be able to relocate the new walk-in freezer outside, and she commented that she was not aware of one hundred ten thousand dollars (\$110,000) being included in the FY17 budget for a walk-in freezer.

Administrator Tucker directed Councilmember Rice to page 58 in the FY17 budget, which is the marina's page in the ten-year (10-yr.) capital plan; the number of one hundred ten thousand dollars (\$110,000) appears as the total of four (4) specific City assets at the time the original Morgan Creek lease was signed. She explained that the Ten-year Capital Plan is where all of the City's assets on the books are listed with estimates of the year that asset might need to be replaced and he associated cost; she said that the walk-in freezer was included because of its value.

Councilmember Rice informed Mr. Clarke and Mr. Dodd that Council had an intense initial budget meeting in February where it reduced the FY18 budget by eight hundred thousand dollars (\$800,000) of big ticket items that have a significant impact on tourism funds and the City's operating funds. The Councilmember suggested that the walk-in freezer should be eliminated from the City's ten-year plan.

Mr. Clarke recalled earlier meetings with the Real Property Committee where it was discussed that all of these items be removed from the City's books. He stated that one (1) section in the new lease will propose that Morgan Creek Grill assume full responsibility for everything restaurant related. He said that he wanted the funds that have been allocated (\$110,000) to be used for this project and he added that he will not come back to the Committee asking for assistance.

Chair Bergwerf stated that, until the members see what Morgan Creek Grill is proposing, the Committee cannot take any action.

The Administrator was clear that just because an item is listed on the Capital Plan does not mean that item is the City's responsibility; it means that the City put it on the long-range plan as a planning document. She cautioned Mr. Dodd not to misinterpret what is on the Capital Plan as "the City feeling some sort of obligation."

B. Status of renovations to public restrooms and schematic drawings from Liollo

Referring to the Liollo schematics, Chair Bergwerf asked about the costs associated with them, and Director Kerr replied that, from the first meeting, Liollo was told that the maximum budget was one hundred sixty thousand dollars (\$160,000). Bringing the Committee up-to-date, Director Kerr reported that the plumbing and floor painting have been scheduled, and he is trying to coordinate the removal of the fixtures with the floor painting to begin the next day, after the floor

cures, the plumber would come back to install the new fixtures. Assuming all of this falls together, the restrooms will be closed ten to fourteen (10-14) days at the end of April and into the first week of May.

After a discussion of bringing in port-a-lets when the restrooms are closed, the Committee agreed upon one (1) of the trailer-style toilets to be placed in the parking lot along with a couple of port-a-lets to be placed at Front Beach as staff determines.

Continuing his report, Director Kerr stated that the bottoms of the stalls where the rust was extensive have been removed; some minor signage still needs to be done; the installation of new doors for the stalls has not been scheduled. These actions will be the extent of the City's work until the end of the season when the construction work will begin.

When asked about the progress on the mural, Chair Bergwerf said that the street side and the side at the boardwalk have been completed. The dolphins for the ocean-side will be done when the artist returns to town and the weather cooperates.

The Chair reported receiving an email telling her that the new hand dryers have begun to rust, and the suggestion was to spray them with WD40 once a week and to wipe them off; some ingredient in the oil prevents rusting.

As the City contemplates a new contract for the restroom attendant, Director Kerr suggested a list of things to be done daily, weekly and monthly as a guide for the new person.

Councilmember Rice reported that the shelving in the office at the public restrooms also needs to be replaced.

Director Kerr stated that he had reviewed the schematic drawings with Liollo and was prepared to discuss them with the Committee. (A set of drawings is attached to the historical record of the meeting.)

Discussions started with the drawing of "New Elevation West" that is the side of the building facing Coconut Joe's where the turtle mural is painted. Chair Bergwerf commented that the mural has just recently been completed and this conceptual drawing destroys the upper half of the mural; she suggested putting the louvres on the opposite side of the building to leave the mural intact.

According to Director Kerr, Liollo has strategically placed the vertical boards to create air flow at that level and to allow natural light to get in; this was the most cost effective method they could provide to get the desired results.

In the Chair's opinion, if the louvres are for air flow, she believes they should be on the other side of the building where the toilets are located.

On the page with "New Reflected Ceiling," the Director pointed out the four (4) ceiling fans, one (1) in each quadrant of the building; the ceiling would be slats with canned lighting that would diffuse through the area. The ceiling fans will be flush with the ceiling, and a void in the ceiling will be around each with a white-washed, treated rim and the fan in the middle. Four (4) exhaust

fans will also be placed in the attic, similarly to the ceiling fans. The ocean-side of the building will have louvres as well.

Liollio did have their plumbing engineer look at the infrastructure going into the building to determine the number of showers it could support; they have decided to have sixteen (16) shower heads, i.e. four (4) pedestals with four (4) heads on each.

Looking at the drawings, it looks like a bench will be constructed on the ocean-side and the street-side.

When looking at the materials from which to construct the boardwalk; they were conscious of the fact that this boardwalk has been permitted with a width of eleven feet (11 ft.) to serve as an emergency access carrying a four-wheeler type vehicle. They thought about a material that would not burn or melt if a vehicle were idling on it for some period of time; Liollio is continuing to work toward a final boardwalk design. Director Kerr stated that there was a concrete-type product that could be used up to the OCRM jurisdiction and transition there to the epoxy wood product, which is fire resistant. Liollio's next step would be to go to the final design.

Chair Bergwerf reminded the Director that she wanted to relocate the louvered section to the other side of the structure.

Administrator Tucker recalled that, based on Charleston County's offer of assistance with the construction of the boardwalk, the budget for this project was reduced to two hundred thousand dollars (\$200,000) at the recent budget meeting. The Administrator reported that she had told the Mayor, after the meeting, that she was concerned about that reduction; although the City would see some savings if Charleston County does the work, she preferred that the City plan to cover the necessary costs in the FY18 budget and realize the savings at the end of the year. She hoped that the budget would be re-instated to its original amount.

Director Kerr reported that he has now spoken with the Facilities Maintenance Division that would deal with the building and the Public Works Division that would deal with the boardwalk; neither group was enthusiastic about the project. Both offered to facilitate construction administration; the staffer from the Public Works Division stated that his group has the ability to do emergency access points, for instance put in a rock roadbed, but nothing permanent. He left the meeting less confident that they could make a significant impact on the costs.

MOTION: Councilmember Harrington moved to restore the budget for the public restrooms to its original level of approximately \$565,000; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

Administrator Tucker indicated that the City would continue its talks with Charleston County; from the original meeting with the County, she recalled being told that the County was beginning to staff up and expanding its capabilities. They do have people with talents beyond the level they originally did, but that would likely mean that the boardwalk would be their first project to use that expertise. The Administrator commented that possibly the City and the County staff that made the assignment and the people who received the assignment should meet to clarify what they can and cannot do.

Responding to Councilmember Harrington's question about a timeline, the Administrator stated that the work would not begin until after August 22nd.

Director Kerr said that he got the impression from talking with the "guys on the ground" that the County does not have the resources to do it.

Chair Bergwerf suggested small plaques in the restrooms acknowledging AmeriCorp, Island Realty and Joe Petro for their donations of time and materials to make this renovation a reality; the Committee agreed to wait until the project was complete and address this subject again.

C. Update on beach restoration

The Administrator again stated that the City was in receipt of the stakeholder's money but is waiting upon two or three (2-3) agreements; she does not anticipate any problems with having them signed. The City has not had an announcement from SC PRT regarding the seven million dollar (\$7,000,000) request from them. As of today, the City has received comments from the citizens who responded to the Corps of Engineers during the public comment period; in them, the City had both comments and requests, i.e. request for things to be done by the Coastal Conservation League; a very positive and supportive comment from a citizen out of Atlanta urging that it move forward; comments from Fish and Wildlife regarding some things they would like for the City to do; the project received a very supportive comment from State Archives and History stating they were very pleased with the new borrow site and with the knowledge that the project would be out of the area of the Second Stone Fleet; the Catawba Indians requested that, if the project brought in any native American artifacts or bones that they be notified immediately; comments from the Natural Marine Fisheries Service requesting an October to March dredging period, bathymetric surveys, no dredging to occur within four hundred feet (400 ft.) of the hard bottom habitat, and a beach and borrow area monitoring plan to go to the Natural Marine Fisheries Service for review before work commences. Based on the comments, the City will work closely with the project engineer to discuss what is necessary to satisfy the requests; of primary concern would be how much these tasks would add to the cost.

Responding to the Chair, the Administrator answered that, at this point, the Corps of Engineers and OCRM would have to make a decision whether or not to permit or not to permit the project based on the comments or to issue a permit that would be conditional upon meeting the requirements they specify.

E. Update on Marina Redevelopment Plan – Kirby Marshall, ATM

Mr. Marshall reported that ATM personnel have spent the past month refining the marina plan based on discussions at the February meeting. The changes made were to modify access to the upland fuel dock using a model from National Highway Safety Transportation Guidelines; Mr. Marshall was confident that a recreational vehicle towing a vehicle or a semi-trailer could navigate the turns. Marina Manager Berrigan had offered a list of comments and questions; among them was a request to potentially locate the kayak dock to tie-in with the existing restaurant dock; ATM did not make that change now because they did not want to preempt the existing Morgan Creek Grill lease; it could be done in the future. Mr. Berrigan also asked to lengthen the fuel dock, and ATM was able to add about seventeen feet (17 ft.). The dumpster space was enlarged to

accommodate additional dumpsters. Mr. Marshall explained that ATM had worked to consolidate and segregate the trailer parking from the regular vehicular traffic. The tie-down area was moved closer to the boat ramp to achieve one hundred feet (100 ft.) of tie-down space. The way that

ATM interpreted the ADA guidelines from the Department of Justice was that a handicap parking space was required for every different section of a parking lot. Mr. Berrigan also suggested a small kids' play area in the greenspace along the water; it is not shown, but could easily be integrated into the final plan. Having obtained the historic dredging information from the City Administrator, ATM has rolled that work into the redevelopment of the water-side of the marina while the docks are pulled out.

The Administrator voiced Stuart Colman's concerns about the pedestrian bridge over the boat ramp after watching a sailboat launch with the mast up; the Administrator stated that, once the redevelopment has been completed, a boat's mast would have to be set after it was in the water.

Mr. Marshall indicated that ATM personnel are having a difficult time in attempts to make the pedestrian bridge ADA accessible; as it appears in the cost estimates, one (1) chair lift on either side would be required.

Mr. Berrigan reported that sailboats seldom launch from the IOP Marina because the Intracoastal Waterway is not really conducive to sailing; in the seventeen years (17 yrs.) he has been at the marina, he said he could count the number of sailboats on two (2) hands.

Looking at the plan in total, Mr. Berrigan stated that he was "excited" and "cautiously optimistic about where it is headed." He also informed the Committee that the 41st Avenue ditch that runs along the property line to the Waterway was "eroding at an alarming rate;" in his opinion, the ditch should be piped.

Michael Fiem reported that, since the last dredging project, the area at the end of the ditch has become like an alluvial fan and has almost come back to the way it was pre-dredging; he added that the amount of accretion has not occurred in that amount of time in the past.

Mr. Marshall stated that he received word from US DNR last week that the BIG grant winners will be announced at the American Boating Conference in Washington, DC in May.

On the subject of the costs of the marina redevelopment plan, Mr. Marshall announced that, with the construction improvements, the best estimate for the total project is six million four hundred thousand dollars (\$6,400,000). The factors that have increased the costs since the original estimate are dredging at six hundred fifty thousand dollars (\$650,000), way-finding signs that will be important to pedestrians and vehicular traffic, the platform lifts on either side of the pedestrian bridge, dumpster screening, restrooms, a cantilevered boardwalk behind Morgan Creek Grill, the tractor shed, more IT support infrastructure for the parking meter system, the pedestrian bridge and more fire protection for the marina per current NFPA guidelines. These improvements equal one and a half million dollars (\$1,500,000). Compared to the previous plans, this plan has increased costs for increased quantities of asphalt, gravel, more sidewalk, more boardwalk square footage with a width of ten feet (10 ft.), more gangways, more slips mean more utility costs, and more floating dock square footage; the costs of the increased quantities is

approximately eight hundred thousand dollars (\$800,000). A total of two million three hundred thousand dollars (\$2,300,000) greater than the original plan without dry stack storage, and total possible grant funds of five hundred fifty thousand dollars (\$550,000).

Councilmember Harrington stated that Council must devise an ad campaign supporting this project as a strong investment in the future.

Chair Bergwerf noted that in Council the general feeling is that the City must hold a referendum to support the funding of the project, and that amount will be determined by the grants.

Administrator Tucker told Mr. Marshall that ATM must solidify the numbers and provide them to the City in more detail; she liked that he explained the difference between the original estimate and what they have become now and felt it would be important for people to understand. She also voiced the need for a serious look at the plan by ATM from the standpoint of phasing; if it must be phased, what would be the recommended phasing so that the City can plan accordingly. The Administrator opined that having that recommendation along with the associated costs would be helpful, and, if there is the opportunity to phase it, the referendum question might be only for that particular phase of work.

Mr. Kirby noted that, if the City were to decide to move ahead today, it would be looking at a one (1) year permitting process for the marina and close to a year's obligation process for the BIG grant. During that year the two (2) processes discussed above could be done concurrently while the City started with the upland work in the off-season.

The Chair suggested that, if necessary, the upland work could also be phased; she expressed the need to organize the parking to be more efficient and get the walkways done.

At the mention of the replacement of the underground fuel storage tanks, Administrator Tucker asked if they have to be relocated to accommodate the plan; Mr. Marshall reported that, in their current location, the tanks would be about one hundred fifty to two hundred feet (150-200 ft.) away from the dispensers. He thought they should be moved; to leave them would add more piping and more costs.

Mr. Marshall said that he would provide a memo illuminating the detail costs and break out their recommended phasing with the associated cost, which could be massaged to whatever comfort level the City needed.

The Administrator also told Mr. Kirby that the Committee needs to get an estimate for ATM to secure the permits for the project. Mr. Kirby speculated that those costs would be rolled into the Phase I costs for the upland improvements.

E. Discussion of landscaping contract

In the meeting packet was a draft of the exhibit that accompanies the current contract detailing what the City would expect the vendor to do, and staff was asking for input from the Committee. The Administrator recalled a lengthy discussion at the Visioning Meeting of using the Recreation Center grounds as the benchmark for all City properties; when the contract is re-bid in 2017, staff

wants it to be a very comprehensive and thorough listing of all of the things the City wants to see the contractor do. At the same time, thought needs to be given to who on staff would supervise that contractor. Staff has made several changes/additions to the list already, but she asked that the Committee members, as they ride the island, consider improvements that could to be made.

Administrator Tucker thought that most of the things were already included in the exhibit, but, someone would be needed on a daily basis to supervise the vendor to ensure that things are being done to the level the City wants to see them done.

The Administrator thought that staff had increased the FY18 budget for the first version, but she was concerned that it had been not been increased enough. Assistant Fragozo thought the figure in the budget was about one hundred thirty thousand dollars (\$130,000) that includes an increase of fifty thousand dollars (\$50,000).

The current vendor has been notified that the City will not renew their contract that expires at the end of May.

F. Consideration of award of a contract to JMT in an amount not to exceed \$20,070 for construction oversight and monitoring of marina bulkhead repairs

The existing contract with JMT took them through generating the bid package, which they have done, and the motion would be for an amendment to their contract to bid the project and supervise the construction that is to begin in October.

Councilmember Rice reminded the Committee that efforts were going to be made to coordinate the bulkhead repairs and the replacement of the underground storage tanks. She then asked the Administrator if different terms could be negotiated related to their attendance at meetings; the proposal quotes a price of one hundred eighty-five dollars per hour (\$185).

Administrator Tucker stated that, between now and the Ways and Means Committee meeting, staff would try to get an amended proposal that includes attendance to at least one (1) meeting.

G. Update on replacement of underground storage tanks

The Administrator has thought that other local governments would need to replace tanks as well; she, therefore, reached out to them through the Municipal Association in hopes of locating a *pro forma* RFP. She got no response.

Assistant Fragozo reported that Charleston County would be hiring a consultant to write the RFP for them because it is very technical.

The Administrator said that she want to get an RFP advertised to hire a consultant to produce the RFP for the tank replacement because the City has no one on staff with the expertise to do so.

H. Update on beach access signs

Assistant Fragoso stated that she had contacted four (4) vendors and has not yet received any final numbers.

6. New Business – None

7. Miscellaneous Business

The Administrator reported that all tenants are current with their obligations to the City.

Next Meeting Date: 9:30 a.m., Monday, April 3, 2017

8. Executive Session – Not necessary

9. Adjournment

MOTION: Councilmember Rice moved to adjourn the meeting at 11:40 a.m.; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk