

## REAL PROPERTY COMMITTEE

5:30 p.m., Monday, July 7, 2014

The regular meeting of the Real Property Committee was held at 5:30 p.m., Monday, July 7, 2014 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf and Buckhannon, Chair Loftus, City Administrator Tucker, Building Director Kerr, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business. Guests attending the meeting were Rick Bousquet and Seth Cantley of Liollo Architecture.

1. Chair Loftus 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.

**MOTION: Chair Loftus moved to re-order the *Agenda* to place item A under New Business to this point in the meeting; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.**

### 7. New Business

#### A. Presentation from Liollo and Associates Relative to the Replacement of the Front Beach Restrooms

Since Liollo Architecture was tasked by the City to conduct a study of potential locations for constructing new public restroom facilities, Mr. Bousquet stated that they were attending the meeting to review their findings. The four (4) sites evaluated were:

- 1118 Ocean Boulevard, the location of the existing restrooms,
- 30 JC Long Boulevard behind the Public Safety Building,
- 1116 Pavilion Drive in the municipal parking lot and
- the intersection of Ocean Boulevard and JC Long Boulevard.

Factors considered at each site were:

- flood zones,
- ADA regulations,
- proximity to the beach,
- pedestrian safety,
- traffic patterns,
- construction costs and
- durability in a harsh environment.

After assigning scales to these factors, the sites ranked from first to last were as follows:

- the municipal parking lot at 1116 Pavilion Drive,
- 30 JC Long Boulevard,
- the existing site at 1118 Ocean Boulevard and
- the intersection of Ocean Boulevard and JC Long Boulevard.

Other considerations in the study were:

- the impact on businesses,
- the best use of property,
- familiarity to the site and
- aesthetics.

After applying these considerations to the possibilities, the options were reduced to two (2), i.e. the municipal parking lot at 1116 Pavilion Drive and the existing site at 1118 Ocean Boulevard. One major benefit to the municipal parking lot is that it offers more space than the other sites allowing the building to be larger to serve more stalls, a less compact feeling when inside and space for future growth; other advantages are detailed in the evaluation attached to the historical record of the meeting. Re-building in the same location was decidedly the choice for merchants along Front Beach; the site has an inherent and integral function due to its location along the beach. Although both sites would give the City a good product, Liollo stated that they feel that a more intuitive approach and potential enhanced visual appearance of the existing site is the best choice.

In the presentation, Mr. Cantley discussed construction issues that would impact the costs such as follows:

The existing space at 1118 Ocean Boulevard:

- more material would be required for the elevation change;
- the need for special equipment for the limitations of the thin site;
- greater overall cost due to minimal access and restricted contractor laydown space; and
- additional labor cost for the tight site.

The municipal parking lot at 1116 Pavilion Drive:

- no requirement for elevation;
- no vertical pedestrian transition required;
- less cost due to simpler construction style; and
- less overhead for easier access, laydown space and labor costs since less elevated work.

One (1) significant negative factor created by sites other than the existing site would be pedestrian safety as they must cross Ocean Boulevard.

Chair Loftus asked Mr. Cantley about the number of parking spaces that would be lost if the restrooms were to be re-located to the municipal parking lot. Mr. Bousquet responded that Liollo has not yet decided upon a footprint for the restrooms; therefore, he could not respond to the Chair.

Administrator Tucker recalled that the Liollo proposal contained multiple steps, but they were not tasked with providing construction cost estimates. The Administrator suggested that Council might consider the need for public restrooms at both the existing site and the municipal parking lot in the future.

Councilmember Buckhannon voiced surprise at the final conclusion; he also stated that volume of people being served would be a consideration when determining the number of stalls.

Mr. Cantley commented that, to maximize space on the existing site, the new structure would extend above the beach access some seven to eight feet (7-8 ft.).

Chair Loftus stated that none of the choices away from the existing site seem reasonable to him; in his opinion, any new restroom has to be close to the present location. He continued that putting new restrooms in the municipal parking lot do not meet the "2-year old test," meaning that an adult with a two (2) year old child in tow who needs the facilities NOW does not have time to check traffic to cross two (2) lanes of traffic and get to the parking lot before the two (2) year old has an accident.

Director Kerr noted that, at the existing site, there is no setback in front, and a long, skinny building would serve a larger volume of people.

Councilmember Bergwerf stated that the construction cost could be the driving factor; the existing site being the most expensive and the municipal parking lot being the least expensive.

Administrator Tucker commented that the existing site serves as a place for people to go when they are on the beach; the municipal parking lot site would be used by people coming to and leaving the beach.

Representing Coconut Joe's, David Baganski said that he thought the City should be happy to have the municipal lot as a future option for public restrooms. He stated that he has often seen small children unattended by an adult sent to the restrooms, and, if another site was to be selected, he could only imagine the injuries to these children as they cross Ocean Boulevard.

Director Kerr confirmed that representatives of Liollo will attend the Ways and Means Committee meeting on July 15, 2014.

Now having Liollo's proposal before her, the Administrator reported that the next step in their proposal was full design, and she indicated that she thought that was premature. Administrator Tucker commented that her understanding from the Committee was that they want both sites to be evaluated in terms of potential construction costs. The next step in Liollo's proposal would be to prepare the construction documents for the approved site and give staff, committees and Council periodic reports; she asked Mr. Bousquet to prepare a proposal for the estimate phase for the Ways and Means Committee meeting.

## **2. Approval of Previous Meeting Minutes**

**MOTION: Councilmember Bergwerf moved to approve the minutes of the regular meeting of June 10<sup>th</sup>, 2014 as submitted; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.**

## **3. Citizens' Comments – None**

## **4. Comments from Marina Tenants**

Marina Manager Brian Berrigan stated that Council had received an email from a disgruntled marina customer regarding parking. He reported that he sent pictures of the vehicle to Administrator Tucker and that marina staff had tried to direct the man to a parking area. The driver told marina staff that he was running into the store for thirty (30) minutes, but instead he

went into Morgan Creek Grill for four (4) hours while parked in front of the fuel pumps, right where boaters come in to access the boat landing. The driver reported in one (1) email that marina management had booted twelve (12) cars, but on that day three (3) vehicles were booted. He was the only one (1) charged because the other drivers had been cooperative and paid the daily fee; this man was totally uncooperative and had used profanity toward three (3) marina employees.

Mr. Berrigan noted that, on or around that day, he was notified by *The Moultrie News* that the IOP marina was the Readers' Choice Award for 2013 Marina of the Year.

Councilmember Bergwerf asked if there were ever instances when a boater put his boat in the water, but there is no place to park his vehicle and trailer. Manager Berrigan stated that the fee is to use the boat ramp, in and out of the water, within the same twenty-four (24) hour period. The fee includes the daily parking charge. Use of the boat ramp for residents is five dollars (\$5.00) between May 15<sup>th</sup> and September 15<sup>th</sup> and is fifteen dollars (\$15.00) for non-residents. Mr. Berrigan indicated that there were possibly six (6) weekends out of the entire year boaters have to park off-site.

Administrator Tucker asked a slightly different question of whether there are instances when people pay to park at the marina as they are boating with a friend who find that there is no space available for parking. She continued by asking if the marina staff limits the number of passes it sells based on the number of available spaces. Mr. Berrigan said that, if they sell a parking pass, they find a place to park; if they must go off-site to park, the marina staff does not sell them a pass.

Parking passes can be purchased from the attendant in the lot, from inside the store from 6:00 a.m. to 9:00 p.m. and from the dock office 6:30 a.m. to 8:00 p.m.

Carla Pope of Morgan Creek Grill stated that, through their attendants, both the marina management and the restaurant have been trying to educate people about what is allowable parking and what is not. When customers are coming in with their boats, the attendants are assisting them with parking up 41<sup>st</sup> Avenue and parking up Waterway Boulevard in a golf cart the same way the Morgan Creek Grill attendants are doing. It is a lot of people trying to fit into a small area, and the tenants believe that they are doing all they can to assist with overall parking at the marina. Ms. Pope voiced the opinion that having an entry with an attendant would be helpful in directing people to their destination at the marina.

## **6. Old Business**

### **Consideration of Marina Outpost Lease Amendments**

Administrator Tucker recalled from the last meeting that Mr. Berrigan had offered for his lawyer to draw up the draft of the amendments to the lease, but, in the meantime, some items Mr. Berrigan wanted to include as the City's responsibility were removed from the City's FY15 budget as passed by Council.

Mr. Berrigan commented that he had been told that the point-of-sale system had been removed, and, since then he has done nothing.

Councilmember Buckhannon stated that no tenant would invest this amount of money when he has only a five (5) year lease; he added that he did not know what it would entail to extend the term of the lease to make an investment in the long term reasonable. The Councilmember suggested that Mr. Berrigan might agree to paying for some of these items if he knew he could pay for it over a period of time knowing that the lease was secure.

Administrator Tucker voiced her understanding of the foregoing statements as the counter-point would be that instead of making it the City's responsibility to replace these items, the City should negotiate a longer term on the lease and make it the responsibility of the tenant to replace them.

Councilmember Buckhannon acknowledged that the existing lease includes these things as the City's responsibility, but moving forward the replacement should fall upon someone with a longer term lease. He said that he was unsure if the existing lease could include such a change or whether a new lease should be bid out.

The Administrator recalled that, with other tenants, when the City got into things other than notification of renewals, the tenants have withdrawn their request for an amendment.

Chair Loftus asked for clarification about where the negotiations stood and how the Committee was to move forward to simplify the process so that there would be no confusion going forward.

Responding, the Administrator stated that to go forward with no confusion would be to do what Mr. Berrigan was asking in his amendment request. One possible scenario would be that Mr. Berrigan could withdraw his request for any change and simply renew, which would mean that, again at budget time, the City would be in the same situation it has been in before because these are City-owned assets that are listed on the City's capital plan to be replaced when their useful life ends. When Mr. Berrigan asked for changes to the lease, a negotiation was opened, and, if everyone can agree to it and it can be amended, then the City would not repeat past processes. In the past, when the negotiation was open and one (1) side or another was not satisfied with how it was going, the tenant withdrew the request for any negotiation and just renewed. In this particular lease, modifications would have to be made to the lease.

Administrator Tucker reminded the members of the Committee that all of the City's leases were modified versions of a triple-net lease, i.e. each was based on a model of a triple-net lease, but each was modified differently in terms of who is responsible for what. The only way these leases could function as triple-net leases would be to wipe them out completely and to start over with a pure triple-net lease; to do that, the City would need grounds for termination of existing leases if the City wanted to do it and then start with a clean slate and bid the leases. According to the Administrator, the City is either negotiating or leaving the lease as it exists.

Since the things in question already are in the lease, Councilmember Bergwerf asked what would be changing and Administrator Tucker responded that Mr. Berrigan would like it stated clearly in the lease that the City would replace them, thereby eliminating the need to interpret the lease.

Mr. Berrigan stated that he was not willing to continue under an ambiguous agreement; he thought clarifying the issue would benefit both the City and the marina store; he did express interest in pursuing Councilmember Buckhannon's idea of a longer term lease and being responsible for the items he has specified.

The Committee questioned that a change to the lease term would require that the lease be re-bid; therefore, the Administrator noted that she would discuss the matter with the City Attorney.

Mr. Berrigan stated that he wanted to continue with the Marina Outpost; he noted that he has invested quite a bit of money in the store from which he was only now beginning to reap the benefits from these investments. He stated that he would be willing to invest in more upgrades and to be responsible for replacement of equipment if he had the security of a long-term lease. He suggested lengthening the lease to thirty (30) years; the lease currently runs for fifteen (15) years.

Since this would be a big change in the lease, Chair Loftus expressed concern that someone would sue the City for not following its own procedures.

## **7. New Business**

### **B. Consideration of Contracts in Excess of \$10,000**

#### **Sole Source Engineering Proposal from Coastal Science and Engineering (CSE) for Shoal Management Project Engineering in the Amount of \$107,000**

Administrator Tucker stated that this was the beginnings of the project included in the FY15 budget to do another shoal management project on the north end of the island; the City has had a long-term relationship with CSE on that project has created the need for this to be a sole source contract to keep costs down.

Chair Loftus commented that the proposal was very well done and thorough.

The Administrator noted that CSE has been good at managing their costs historically.

**MOTION: Councilmember Buckhannon moved to recommend to the Ways and Means Committee for the approval of the CSE engineering proposal in the amount of \$107,000; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.**

## **8. Miscellaneous Business**

### **Tenant Rents Report**

Administrator Tucker reported that all tenants were current and that all tenants had reimbursed the City for solid waste removal and insurance.

**Next Meeting Date: 5:30 p.m., Monday, August 4<sup>th</sup> in the Conference Room.**

9. **Executive Session** – not needed

10. **Adjourn**

**MOTION: Chair Loftus moved to adjourn the meeting at 6:52 p.m.; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland, City Clerk