

REAL PROPERTY COMMITTEE
5:30 p.m., Wednesday, May 6, 2015

The regular meeting of the Real Property Committee was held at 5:30 p.m., Wednesday, May 6, 2015 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, Assistant Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business.

1. Chair Loftus 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: Councilmember Bergwerf moved to approve the minutes of the regular meeting of April 8, 2015 as submitted; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments – None**

4. **Comments from Marina Tenants – None**

5. **Old Business**

A. Consideration of Lease Amendments for Morgan Creek Grill

Jay Clarke, owner of Morgan Creek Grill re-introduced his accountant Peter Kent and his attorney John Dodds, and Carla Pope, Operations Manager.

Administrator Tucker stated that, since the last meeting, Mr. Clarke, Ms. Pope and Mr. Kent met with the City Administrator and certain members of staff to review information already seen by the Committee, as well as new information relative to what they felt were the benefits to the City of the long-term lease, such as the removal of certain items off the City's Capital Plan, other improvements they plan for the building and the benefits that come to the City as a result of Morgan Creek Grill (MCG). Being requested are a change in the amount of the additional rent in turn for making the list of improvements and an extension to the lease to make it possible for them to obtain financing to invest in the building.

In addition, staff has prepared an analysis that translated MCG's requests into the financial impact to the City; the information was provided to MCG prior to the meeting. On Page 1 was the analysis of the estimated savings in Capital Outlay Expense to the City over a thirty (30) year lease term of six hundred twelve thousand five hundred dollars (\$612,500). The loss in additional rent based on a decrease in gross revenue and increase in the toggle was in excess of three million three hundred thousand dollars (\$3,300,000), resulting in an estimated net loss to the City over thirty (30) years of two million seven hundred thousand dollars (\$2,700,000).

The second page shows the specific capital assets on the City's Capital Plan with the tenant's estimate displayed as well; Administrator Tucker stated that the amounts estimated by the City for those assets were not based on any information acquired by the City. The Administrator acknowledged that the tenant's estimated replacement costs were probably more accurate.

Improvements proposed to be done by the tenant and not on the City's asset list would still be improvements to the building.

The last page shows an average five percent (5%) increase to the tenant's gross revenue each year for the thirty (30) year term of the lease, as well as the amount of additional rent the City would collect with the reduced percentage and increased toggle.

When asked about projecting a five percent (5%) increase in revenue each year, Administrator Tucker stated that staff had looked at the historical information and based the calculations on that data.

Chair Loftus voiced that opinion that a five percent (5%) increase year over year was very aggressive on the City's part; the Chair did not think such an increase could be sustained.

The Administrator explained that staff had taken into consideration that the space is confined thereby limiting growth, and the restaurant has a limited amount of space for dining. A time would come when the only way to increase the profit level was to increase food and drink prices.

Councilmember Buckhannon voiced his approval of the long-term lease for MCG as well as for the marina to get some of the replacement costs off the City's books; he acknowledged that, in order for Mr. Clarke to make the improvements that he wants to make, financing would be critical. Banks would not lend money to a company that they did not know was going to be in business long enough to pay back the loan, and a thirty (30) year lease would provide the lending institution confidence in the business to offer the loan. The Councilmember said that he would support taking the longer lease term to Ways and Means for consideration.

Administrator Tucker reiterated the tenant's statement that paying the additional rent as they are doing was not sustainable for the restaurant; she explained that City had made its projections on the basis of collectability.

Chair Loftus indicated that another option open to the City would be if MCG came to the City and wanted to get out of their lease for whatever reason, the City might find another tenant; he noted that the restaurant location at the marina was a valuable piece of property, and a well-managed restaurant there could do well and the City could profit from that success.

Councilmember Bergwerf agreed with Councilmember Buckhannon that a long-term lease is an effort to get their finances in order but she did not think the toggle should be lowered.

Mr. Kent referred to the City's figures and noted that they take the restaurant's sales from four million dollars to seventeen million five hundred dollars (\$4,000,000 to 17,500,000) which he suggested was a true leap of faith. He reiterated that the breakeven number for MCG was a lot more than four million dollars (\$4,000,000), but in the four million dollar range; when talking about additional rent, it would be nice for the owner to see some kind of profit before MCG had to start sharing the profits. Mr. Kent reported that MCG has had accumulated losses over twelve (12) years, and that the fixed costs are one million one hundred thousand dollars (\$1,100,000).

Councilmember Bergwerf asked for a clarification on what the fixed costs included, and Mr. Kent replied that the fixed costs were rent, insurance, managers' salaries, building maintenance, etc.

According to Mr. Kent, the variable costs of the restaurant run another million dollars (\$1,000,000); they include all other salaries, utilities, linens, etc. and cost of sales. With fixed costs exceeding one million dollars (\$1,000,000), he found it hard to understand that the additional rent toggle was set at one million dollars (\$1,000,000). He indicated that he would have thought that a portion of the additional rent would have been set aside to go back into the property; according to Mr. Kent, Mr. Clarke has spent six hundred thousand dollars (\$600,000) on leasehold improvements. He explained that the reason they had asked for an increase to the toggle was that MCG needed to try to breakeven and make a small profit before it started to pay additional rent to the landlord.

The reason MCG has asked for a reduction in the percentage from two percent to one percent (2%-1%) was to be able to pay for the improvements. Their proposal is to take responsibility for the building as it is, make all of the improvements for the next thirty (30) years, and in order to do that, they need to be able to make money to pay for it on top of whatever profit might be generated.

Referring to the City's numbers, Mr. Kent said that the document was "pretty scary," and he stated that Mr. Clarke planned to invest at least one million one hundred thousand dollars (\$1,100,000) in the building. Mr. Kent stated that the list was incomplete because it did not include a new roof being added, an elevator for accessibility, new glass when the existing fails. In his opinion, to consider only those items that were on the City's Capital Plan was not realistic.

Administrator Tucker explained that staff had tried to be consistent with the analysis it had done for the other marina tenant that was evaluated by both this Committee and City Council; staff wanted to fair in the negotiations. A key difference was that, with the prior negotiation, once the City sent them this document, that tenant came back to the Committee with questions and worked with the City to make some alterations to the document before it was presented to the Committee for their input. This tenant has opted not to do that.

One (1) additional item from Mr. Kent was that, on the first page of the City-prepared document, the numbers get closer because MCG's proposed improvements are higher, and they were confident that the number for additional rent would come down, because they do not believe MCG will become a seventeen million dollar (\$17,000,000) business. Mr. Kent opined that the missing piece was that the tenant would have improved the property; the property being returned to the City would be improved and none of those improvements would be paid for by the City, making it a more valuable property. He expressed the opinion that a loss to the City of two million seven hundred thousand dollars (\$2,700,000) over thirty (30) years was very misleading.

Chair Loftus countered that once the improvements were completed they would begin to depreciate so that, at the end of thirty (30) years, they would not have much value to add to the property. Referring to the improvements planned to the Waterway Room, the Chair stated that he saw that as a cost of doing business, therefore, should not be reflected in the discussion at hand.

Mr. Clarke reminded the Committee that the Waterway Room was built pre-Hugo and used to be an outside deck; it is currently on wooden pilings and not set in concrete. The improvements would, therefore, be structural and retain their value for fifty (50) years.

Mr. Clarke stated that, when “buying and selling restaurants, good will was a huge piece of the asset” and that he “thought the business itself was an asset to the City.”

Mr. Dodds reported having seen a reaction from Committee members when Mr. Kent talked about the fixed costs at MCG. The normal reaction was that high-end salaries were included, but part of the problem was being blamed on fixed costs. He offered for Mr. Kent to send, in confidence, to the Committee the salaries that are being paid to the executives that operate the restaurant; he assured the Committee that they were substantially less than other restaurateurs were earning in the local market.

Mr. Dodds voiced his agreement with the Chair that a five percent (5%) growth year after year was not sustainable; he opined that there would be some opportunity for additional revenue simply by inflation. He added that he believed that a long-term lease was to the City's benefit, particularly, with the tenant taking on the responsibility for capital improvements because there was the potential opportunity for revenue without any of the liability. He stated clearly that MCG was a well-managed restaurant, but the Charleston area was a very competitive market and there were a lot of costs associated with running the restaurant. Although the bottom line continues to get larger and larger, they have been unable to put any profit into their pocket. On the subject of the capital improvements, Mr. Dodds agreed that the improvements were not the type that would increase revenue; they would be somewhat structural in nature. The request to lower the toggle was to enable them to go to a lending institution and to borrow funds to pay for the capital improvements which goes hand-in-hand with the long-term lease. In addition, the long-term lease would allow them to finance the capital improvement and pay them back without putting the restaurant in the position of being unable to pay its debts.

Mr. Dodds indicated that MCG was asking to be treated like Brian Berrigan to perform the same type of analysis for MCG that was done for his leases; he voiced understanding that the toggle had been reduced when he negotiated with the City.

Administrator Tucker responded to Mr. Dodds that the City had done the similar analysis for Morgan Creek Grill. The Administrator commented that there were other differences in that lease arrangement and the one for MCG, not just the additional rent provision. She recalled that one (1) thing that affected those negotiation was the history of the tenant's prompt payment as well; it as a factor in the Committee's receptiveness to his amendment requests.

Since at least two (2) members of the Committee have stated that they were unopposed to extending the lease term, the Administrator suggested that, if all were in agreement, to finalize that section of the lease and to deal with the terms of the lease separately.

In Chair Loftus' opinion, the only similarity between the leases was that the businesses were neighbors on the same property.

The Chair continued that he found it hard to explain to Mr. Clarke how frustrated members of City Council were about the late-payment history of MCG; he commented that the thought this was the first winter the City has gone through without MCG getting behind on its rent. He noted that there have been members of Council who wanted to declare them in default.

Ms. Pope responded that those winters were a testament to how difficult it was to run the restaurant with the types of problems there have been, some of which were created by the building itself, like the lack of insulation creating extreme electric bills. She stated that it has taken some time to figure out exactly what the costs were to run the restaurant successfully; they have done some expansion, the outside bar, to increase revenue during the summer season and not lose it all in the winter. She added that these were the first two (2) years that they have seen any kind of profit.

Based on his history on the island and with Morgan Creek's performance with the City, Mr. Clarke stated that he thought it was unfair to penalize MCG going forward; he reported that the restaurant had paid all of the penalties although he thought they were excessive. He noted that for a time they were upside down because of the economy and it hit the restaurant hard because the restaurant was a luxury business. He commented that they worked diligently to catch up with the bills to the City; in his opinion, they were never in default at all.

The Chair recalled that year after year, Mr. Clarke was contacted by the City to pay the rent and any associated fees; he stated that the rent report was added to the agenda because of Morgan Creek Grill.

Responding to Mr. Dodds, the Administrator said that the point was that the tone of the negotiations were a little different because of the credibility established from the staff not having to "bird dog" collections. She stated that the City was working diligently to make this work out, but it was wasted staff time and effort if there was not a will to go forward with a longer term lease. She is confident that staff could produce a multitude of iterations of what might work, but, if there is not the inclination to go into a long-term agreement with Morgan Creek Grill, in the Administrator's opinion, it would not merit that kind of attention by staff.

Chair Loftus stated that he did not want to separate the issues; for him, the long-term lease and the revenue to the City as one (1) item. He commented that MCG has become a very successful restaurant and that success would make it easier for the City to find another tenant should Mr. Clarke decide to continue his business.

Mr. Dodds countered that there would be some period of time when the City would see no revenue from the property and that, in his opinion, a new tenant would drive a much harder bargain than MCG was seeking. On the subject of the past late rent payments, Mr. Dodds suggested putting money into an escrow account, and, if there is a possible default, the money would be paid to the City in rent and any applicable penalties.

Mr. Clarke said that he would "like to put to rest the past and late rent issues," and he offered to speak to members of City Council who might still be agitated by those past problems.

Ms. Pope reported that the additional rent was usually the biggest struggle, but, changing the rent to be greater in the summer and lesser in the winter, the restaurant's financial situation has been much better. She noted that, when the additional rent began to grow, the restaurant found it more difficult to pay at one (1) time. Ms. Pope acknowledged that when the economy was bad, the restaurant dug itself into a hole using all of its resources, and it took time to rebuild them to the point that they are healthy now. In the thirteen (13) years that she has been with the restaurant, it has grown and is now a great asset to the community.

Having reviewed the revenue summary for MCG between 2002 and 2014, Chair Loftus complimented Ms. Pope and Mr. Clarke on how well the business had done during those very lean years. Ms. Pope commented that, it was during that time that Mr. Clarke had invested personal funds into the business.

Mr. Dodds repeated his understanding of the Chair's commented that he would like to see a projected realistic growth rate for the restaurant and compare the requested toggle amount with the current toggle to compute what the City would be giving up.

Mr. Kent stated that, over thirty (30) years, he thought MCG would be a ten million dollar (\$10,000,000) business with getting to seven million dollars (\$7,000,000) by year eleven (11). He directed the committee's attention to the page entitled "Current vs. Proposed Lease Comparative" where some additional rent calculations were at the top of the page for years eleven through thirty (11-30) of the lease. Mr. Kent offered to produce a document, showing how they arrived at those numbers.

Chair Loftus indicated that he did not want to make a deal that would mean the City was to lose a substantial amount of revenue; he said that he does not want to make a bad deal for the residents of the Isle of Palms.

Responding to Mr. Dodds' question, the Chair responded that any schedule should factor in inflation and a reasonable growth taking into consideration that the business could not achieve growth through increasing the size of the building due to the parking restrictions at the marina.

Mr. Kent indicated that he could envision a scenario where the increase in business would come from investment in the property, so the lack of investment in the property could lead to a decrease in business.

Mr. Dodds added that the financial analysis could be done taking into consideration the improvements and a second analysis without the improvements; such analyses should show the impact the capital investments have, ultimately, on the bottom line.

Now referring to the list of proposed capital improvements, Chair Loftus stated that there were some items on the list that he considered to be normal costs to the operation of the business, rather than being capital improvements to the building; as an example, he referenced the replacement of the carpet. He, therefore, thought the list of what he would consider capital improvements would be much lower than represented.

The Chair stated that, in his opinion, the things the Committee needed to go forward were that the Committee needed realistic numbers to review on which to base the decision and the term of the leases should be decided at the same time.

Councilmember Bergwerf said that she thought the full Committee was in favor of the longer term lease.

The Chair countered that Mr. Clarke had stated on more than one (1) occasion that he needed the lease changes to continue to operate; if his statements were true, he questioned that the restaurant would need or want a thirty (30) year lease.

Councilmember Bergwerf suggested that a new toggle for additional rent could be negotiated. According to her calculations, the rent paid to the City was three and a half percent (3.5%) of gross revenue with the existing toggle, and she indicated that she did not think that was unreasonable, considering the location.

Mr. Clarke responded that the rent amount does not take into account the money spent on capital improvements. He commented that the businesses paying high rents were getting more benefits from their landlord within the building involving improvements, advertising, upkeep, etc.

Mr. Kent stated that it was the landlord's job to draw traffic to the location, and the landlord pays for capital improvements; he indicated that typically a tenant would not have a triple-net lease and additional rent. He remarked that his client was not opposed to the lease arrangement and the additional rent, but they needed the toggle increased to accomplish it all.

According to the Administrator, if she were to get a final answer from the Committee about the longer term lease, both City staff and Mr. Kent could devise many scenarios for MCG to accomplish its needs, such as an increase in the monthly rent and a lower amount to the toggle, etc. Once that section of the lease was finalized, the City could inform Mr. Clarke what the City needed, i.e. to be protected; she commented that there were other restaurants on the island that do not have the benefit of having the City as a landlord, which those other restaurants consider to be a benefit. The City must be able to show to those other potential restauranteurs who would like to occupy the building and to the taxpayers that the City was getting a fair deal. Administrator Tucker reiterated that everyone wanted MCG to be a successful business and a business of which City could be proud of. She added that Mr. Clarke has a stellar reputation in the restaurant industry, so the opinion is correct that, if MCG does not make it there, it will be more difficult for the City to recruit an alternate tenant under the same lease terms that exist presently.

The Administrator stated that if the growth of five percent (5%) per year was unrealistic and it was changed to two percent (2%), a gap was still going to exist between the revenue the City has received and what it will receive in the future; she did not think that the revenue the City was receiving was going to be restored in this negotiation. The only benefit was the continuity of the tenant that is there to build the business and then remove the need to spend money to replace the items on the Capital Plan.

From the Administrator's viewpoint, the first hurdle was whether the Committee was willing, under some combination of alterations to the lease, to enter into a long-term relationship with Barrier

Isles, LLC. If the Committee was not willing to do that, then trying to do various scenarios was pointless.

Administrator Tucker stated that she thought the proposal on the table was the product of taking the existing lease and looking at what MCG needed to do to become financially healthy, but it is absent any other combinations, for instance, eliminating the additional and raising the monthly rent, considering a change to what the additional rent was calculated on other than gross revenue, etc.

Mr. Dodds concurred that a mutually agreeable scenario existed to allow MCG to get to the point they want to reach and to be tolerable to the City.

The Chair acknowledged that Mr. Clarke wanted to move quickly, but the Chair was more interested in doing it right.

Mr. Kent asked Mr. Clarke if entering a thirty-year (30 yr.) lease would be more advantageous than have a shorter term with multiple renewals. He also voiced agreement with the City Administrator that he questioned how to proceed until the length of the lease was established; he did not think that generating numbers was the answer.

Mr. Dodds noted that he thought the opportunity for greater revenue to the City was with the option for multiple renewals because Mr. Clarke was less at risk; if he were to decide that he could no longer remain in business, he could not renew.

Councilmember Bergwerf posed the question to the Committee about whether they could agree on extending the term of the lease, leaving the other financial terms to be worked out.

Mr. Dodds stated that he and Mr. Clarke would be amenable to that suggestion.

Councilmember Buckhannon agreed that this decision was important, and he acknowledge that Mr. Clarke had leased an older building and that it needed improvements; without a long term lease, a lending institution would not consider lending him money to make those improvements. He commented that he also did not want to see a big loss for the City and that he thought the negotiations were moving forward.

Councilmember Buckhannon noted that improvements to the stage were being made to mitigate the sound problems, but, whether the music emanates from the ground or the root, he thought there would be noise complaints filed. He asked Mr. Clarke whether he was going to make investments to modify the restaurant to have more music indoors.

Mr. Clarke responded that they were not discounting the fact that some people would not be satisfied with their sound mitigation efforts and would complain, but he stated that he was confident that they would be successful.

Chair Loftus asked the Administrator what she thought was needed in order to move forward, and she replied that the only thing she needed to know was that the consensus of the Committee, under certain terms and conditions, would entertain a longer term lease with Barrier Isles LLC.

With that, the City could challenge MCG and its team to look at various different combinations that might be acceptable to both parties to the lease regarding the issue of the additional rent.

Chair Loftus stated that the Committee would agree to a long-term lease if acceptable financial terms could be reached.

MOTION: Councilmember Bergwerf moved to re-order the *Agenda* to address New Business at this juncture in the meeting; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

6. New Business

Consideration of Benefits to Modification of Beach Renourishment Permit

Administrator Tucker first stated that she was surprised that no residents of Beach Wood East were in attendance since they had sent a letter to the City requesting that money be transferred out of the Beach Preservation Fee fund to help them with their emergency measures; the City responded that they could attend this meeting if they wanted to.

The Administrator commented that Mr. Traynum was going to explain the merits of whether or not the City might want to escalate, start sooner, the fall shoal management project and what would be required if the City decided to proceed. The Administrator understood that part of the advocacy from the people who have been experiencing severe erosion was for the City to do something now to move more sand; based on that request, the Administrator contacted Mr. Traynum and asked that he attend the meeting to explain the situation to the Committee.

Responding to Councilmember Bergwerf, the Administrator reported that the original plan had been to do another shoal management project beginning in the fall, beginning on a similar timeframe as the 2014 project, i.e. November 1.

Steven Traynum of Coastal Science and Engineering (CSE) noted that the City had completed the last project at the end of January or beginning of February and that Seascape and the golf course were in pretty good shape, and Ocean Club has about twenty feet (20 ft.) of dry sand seaward of the building. Ocean Club was in the process of putting in the wave dissipation device as far seaward as possible. On the other end of the project at Beach Wood East, Seagrove and Dunecrest areas, most of the sand has gone, but CSE was beginning to see a little natural recovery between Dunecrest and the first Beach Club Villas building to the west of Property Owners Beach House. The residents of this area will be maintaining sand bags throughout the summer. Mr. Traynum reported that the shoal was still off-shore and somewhat attached to the beach, but most of the sand was seaward of the shoal. He stated that, during the summer, he does not expect a lot of natural buildup in the adjacent areas; therefore, the City's options were as follows:

- Wait until November 1 to start another project, or
- Request a modification to the permit to change the window, or
- Not do another project and wait for the sand to spread naturally.

Mr. Traynum added that CSE was unable to tell the City how long it might take for the sand to spread, what the final project would be after the shoal has spread, or how much would spread to the north and to the south.

The Committee was told that, in the fall project, the contractor would try to avoid harvesting sand from beach areas, but that depended on there being enough available sand on the shoal.

The City's permit allows for two (2) more events through April 2017, and approximately one hundred eighty thousand cubic yards (180,000 cu. yds.) remain before reaching the maximum allowed on the permit of five hundred thousand cubic yards (500,000 cu. yds.). The last project moved two hundred forty thousand cubic yards (240,000 cu. yds.) of sand. Mr. Traynum expressed confidence that the remaining volume could be harvested from the shoal without going to the 53rd Avenue area of the beach.

If the City were to decide to modify the permit, Mr. Traynum stated that he did not anticipate any problems if certain conditions were met. The biggest issue would be the sea turtles; if any nests were laid in the project area, they must be marked and relocated. The Project area would be from Seagrove Avenue to east of the Grand Pavilion and back down to the area of Dunecrest – basically the same area as the last project. He recommended letting the residents of Ocean Club maintain the wave dissipation device they have installed until such time as CSE can see movement of the shoal to the beach. If the dissipation device were to fail, Mr. Traynum indicated that they would be in an emergency situation and sandbags would be necessary.

Mr. Traynum reported that, in a fall project, sand would be placed in the most critically eroded areas, including Seascape and the golf course if necessary at the time. The focus would be the areas where residents were spending the most effort to maintain storm protection and where the sand would stay the longest.

According to Mr. Traynum, other issues related to a request for permit modifications were that, typically, the agencies ask for additional environmental studies, such as benthic monitoring; the most economical way to do this was to pay DNR to perform the study.

Councilmember Bergwerf asked about the timeline if the City were to decide to proceed with the shoal management project today.

Mr. Traynum explained that requesting the permit was as simple as writing a letter requesting an alternate window starting after Labor Day.

An argument from the affected residents was that the City worked during peak tourist season for the off-shore project; therefore, they want a shoal management project to be done during the same time frame.

According to Mr. Traynum, the biggest difference between the two (2) projects is that the dredging project closed down a one hundred foot (100 ft.) stretch of beach and the shoal management has trucks running up and down the beach at twenty miles per hour (20 mph). In the upcoming project, people would not be able to access the water safely from Seagrove to the golf course.

The affected residents would claim that heavy equipment is on the beach now as they excavate and re-position sandbags daily.

How the City would mitigate the impact to nesting turtles would be detailed in the modification letter as well; Mr. Traynum said that he would suggest a City patrol of the beach every day and that any nests laid in the potential project site would be relocated. Councilmember Bergwerf noted that the turtles seem to like that area of the island.

Councilmember Bergwerf then asked about the daily work schedule, and Mr. Traynum replied that the contractor would not start work after the turtle monitor had completed the check of the beach in the daylight at low tide.

Mr. Traynum confirmed that the project modification would again go out for public comment, and the Administrator indicated that a risk was associated with that and it put the permit in jeopardy, for instance, the homeowners in distress might not agree with the project as contemplated.

In Councilmember Buckhannon's opinion, the issue now would be the funding of the project.

Administrator Tucker confirmed that proceeding with the project would mean altering the FY16 budget as currently presented to do the construction sooner and CSE's expense for requesting the permit modification.

Councilmember Buckhannon added that moving the project up meant that the stakeholders would have to make their contribution to the project sooner, as well.

The Administrator stated that she wanted the Committee to hear the arguments and recommend going forward with the permit modification or recommend that modifying the permit was not worth the risk, not increasing the expense and risk other quarrels with the permit that the City would have to defend.

Explaining that she was concerned about the risk, the Administrator stated a group of people in the area of 54th Avenue have expressed dissatisfaction toward the City because they do not want sand harvested from that area of the beach.

For Mr. Traynum, the biggest issue was that, when the permit modification went out for public notice, the property owners could write letters saying that they do not agree with the project as it was designed and convince the permitting agency to limit the borrow area for the project to the sand on the shoal.

Chair Loftus commented that, if the City got the permit modification, the City would have the ability to move quickly if necessary.

Delineating the timeline, Mr. Traynum stated that the public notice period was fifteen (15) days, but DHEC has been known to allow permit modifications for small projects looking for a time change in-house. If DNR or Fish and Wildlife did not agree to the turtle monitoring as proposed, the City would have to wait until November to start the project.

Administrator Tucker added that, if DHEC got enough letters from the public notice, a public hearing would be necessary.

Chair Loftus voiced his opinion for proceeding with the permit modification to have it in-hand if a sudden need arose.

Mr. Traynum remarked that agencies might have more than fifteen (15) days to respond.

Mr. Traynum said that he has submitted a budget for the next monitoring to Administrator Tucker, and CSE intentionally included a little more money for liaison and coordination based on the current circumstances. He informed the Committee that he did not anticipate any additional field work for the upcoming project.

MOTION: Chair Loftus moved to recommend to Ways and Means to proceed with the permit modification for shoal management; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

5. Old Business

B. Comprehensive Beach Management Plan

Administrator Tucker reported that the initial meetings have occurred and the vendor was working on drafts; in addition, staff has indicated thing that it would like to consider when counting parking spaces. Staff has also had favorable meeting with OCRM.

7. Miscellaneous Business

Tenant Rent Report

The Administrator reported that all tenants were current.

Next Meeting Date: 5:30 p.m., Tuesday, June 2, 2015 in the Conference Room.

8. Executive Session – not needed

9. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 7:18 p.m.; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk