

REAL PROPERTY COMMITTEE

8:30 a.m., Friday, April 9, 2010

The regular meeting of the Real Property Committee was held at 8:30 a.m., Friday, April 9, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Mayor Cronin, Councilmember Stone and Chair Loftus, Chase Fields of the IOP Marina, Carla Pope of Morgan Creek Grill and City Clerk Copeland.

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

2. Approval of Previous Meeting's Minutes

MOTION: Mayor Cronin moved to approve the minutes of the regular meeting of March 10, 2010 as submitted; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments - None

Chair Loftus informed those present that comments from the public would only be allowed during this period in the meeting and that the exchange of dialogue with Committee members was not allowed.

4. Marina Manager's Report – Chase Fields

Mr. Fields stated that business has picked up "overnight." The marina staff will redo and landscape the island in the middle of the parking lot next week; they have made significant improvements to the parking lot by adding six to eight (6-8) loads of "crush 'n run." On Tuesday, Ted's Dockside Deli had its grand opening as the new tenant of the deli in the Marina Market.

Administrator Tucker reminded Mr. Fields that the lease between the City and Marina Market requires approval of any sub-lease agreement; therefore, if such an arrangement exists between Marina Market and Ted's Dockside Deli, the City needs to amend the existing store lease to accommodate that lease. In addition, the City would need to review the lease agreement between Marina Market and the deli tenant; the Marina Market should also submit a formal letter requesting the City's approval of the agreement.

5. Morgan Creek Grill Report – Carla Pope

Ms. Pope reported that business in the restaurant was great; revenue was up fifteen percent (15%) over the past two (2) years. She reported that she brought with her checks to catch up on the monthly rent, as well as monies toward additional rents due. She noted that the staff remains busy with routine repairs and upfits to make the best impression on customers to the marina.

She responded to the Mayor that there is a lot of boat traffic and people using the docks to come in for lunch and dinner. Mr. Fields added that the northern migration was just beginning.

Ms. Pope reported that the restaurant has had its first dinner cruise with sixty (60) people on board; the cruises will continue to occur on Tuesdays assuming that there are a minimum of twenty (20) guests.

Administrator Tucker said that she had learned that Wild Dunes was going to open the kiosk on the corner of the Connector and Palm Boulevard and that they will be promoting offerings at the marina; the Administrator asked Ms. Pope and Mr. Fields whether they had communicated with Jeff Minton. Ms. Pope stated that she thought the communications would be through Aqua Safari, the dinner cruise boat, because they do the cruise booking. Mr. Fields indicated that the marina management, Mark Fiem and many of the fishing guides had been in direct contact with Mr. Minton and expected to receive a good deal of business at the marina as a result.

6. Old Business

A. Update on Beach Restoration

Administrator Tucker indicated that items later on the agenda have a bearing on the beach restoration.

The Administrator reported that there is a small restoration project happening now at Ocean Club, but it is not a City project. The Ocean Club residents are trucking in sand.

On the topic of the erosion in the project area, the agreements have been sent to the stakeholders requesting that they concur with the modifications to the agreement and the utilization of the remaining funds in the account to deal with the focused erosion. The Administrator reported having received one (1) telephone inquiry and an e-mail dialogue with Lowe Wild Dune Investors concerning the language in the agreement, but no executed agreements have been returned. The deadline for returning the agreements was stated to be April 23, 2010.

B. Discussion of Dredging

Administrator Tucker stated that she had anticipated having a report on a meeting with the Morgan Creek Association scheduled for yesterday that was cancelled because one (1) of their key members was unexpectedly called out of town; another meeting is to be scheduled for next week.

From the Accommodations Tax Advisory Committee meeting on Wednesday, the Administrator reported that they had removed the two hundred thousand dollars (\$200,000) earmarked for dredging in the State Accommodations Tax FY11 budget. She stated that, based on the manner in which the previous dredging project had occurred, the Administrator had tried to persuade the members that the funds were more of a placeholder than real money, but they were not to be persuaded. The Administrator noted that the City Council has override authority on the Committee's decision.

7. New Business

A. Discussion of Low-Speed Vehicle Rentals at Marina

Jane Martin, President and CEO of GEM of Charleston, distributed brochures to the Committee members introducing the Chrysler-made low-speed vehicle that she has been marketing for eleven (11) years. She indicated to the Committee that she had operated a rental business for these vehicles out of the Wild Dunes Yacht Harbor last summer, but she was interested in relocating to the IOP Marina. She reported that she has also approached Jeff Minton about the new location at the Red & White Plaza. Her presence today was to determine if she could lease space at the marina to operate the low-speed vehicle rental business.

Responding to Chair Loftus' question about her business model; Ms. Martin replied that she intended to share office space in the kayak hut at the Marina and to have the vehicles parked in the space provided for employees. She commented that she has a total of ten (10) vehicles and plans to have them evenly divided between the Marina and the Red & White Plaza, but she wants to use the kiosk to drive business to the Marina. Ms. Martin responded to Chair Loftus' question about charging the vehicles by indicating that they can be charged from a regular 110-120 amp outlet at a cost of thirty cents (\$.30) per day.

Chair Loftus asked whether Ms. Martin had discussed her business venture with Director Kerr to determine if the zoning at the Marina would allow for her business. She indicated that she had spoken with him last year when she had her business at Yacht Harbor.

In addition, she indicated that operating out of the gated community, not a transient location that would give people the opportunity to appreciate the amenity, the business was considered by many to be an amenity provided for the gated community only. This is the primary reason behind her desire to operate out of the City's marina.

Mayor Cronin discussed the fact that state law will not allow low speed vehicles to operate on primary highways and informed Ms. Martin that Palm Boulevard/Highway 703 is considered by SCDOT to be a primary highway. He provided her a copy of the law. (A copy is also attached to the historic record of this meeting.) The Mayor also commented that he had been told that initiatives were under way in Columbia to get the law changed, but he has seen nothing in print to validate that. Currently, therefore, any vehicles stored and rented from the Red & White Plaza could not be driven along Palm Boulevard; they would only be allowed to cross to go to Front Beach. The Committee assured her that the vehicles would be allowed to drive along Waterway Boulevard.

Administrator Tucker noted that Ms. Martin did not indicate that she had spoken with Director Kerr about operating her business out of the City's marina. The Administrator also informed Ms. Martin that Palm Boulevard/Highway 703 is a primary highway until it intersects with 41st Avenue; the low speed vehicles would not be violating state law on Palm Boulevard from 41st Avenue to 57th Avenue.

Administrator Tucker asked Ms. Martin what the requirements were to rent one (1) of her vehicles; she stated that the requirements were similar to those to rent a car, i.e. driver must be a licensed driver who is at least twenty-one (21) years of age. The vehicles can be rented for three (3) hours for eighty-five dollars (\$85), for a day for one hundred twenty-five dollars (\$125) or for a week for three hundred fifty dollars (\$350).

When asked by Chair Loftus how the vehicles would be relocated between the Marina and the Red and White; Ms. Martin said they would be trailored since they are not allowed to drive on Palm Boulevard.

Administrator Tucker asked whether the vehicles would be delivered to parties who might want to rent, and Ms. Martin assured her that they would.

Responding to Councilmember Stone's question, Ms. Martin said the vehicles do not have Wild Dunes' stickers, but, if a renter were a visitor to Wild Dunes, he would have a guest pass.

Ms. Martin indicated that she would not consider investing in more vehicles for the Isle of Palms; she stated that the acquisition of more vehicles would be to offer them in other areas, i.e. Folly Beach, Kiawah, Daniel Island, etc.

Chair Loftus asked about storage of the vehicles in the off-season, to which Ms. Martin stated that the vehicles would be used year-round for various events, like SEWEE, or to shuttle passengers to and from cruise ships.

Whether the rental of low-speed vehicles was a permitted use under the zoning ordinances was uncertain among the Committee members; therefore, clarification from Director Kerr was required. Administrator Tucker noted that, in order for Ms. Martin to operate her business, she would need to go through the City's formal approval process to ensure that appropriate protection for the City is in place. The Administrator noted that she would be hesitant for the Committee to move forward without dialogue with the Marina manager; Chair Loftus stated that he had discussed the matter with Mr. Berrigan the day before and that Mr. Berrigan fully supported Ms. Martin's business enterprise.

Mayor Cronin inquired of Ms. Pope about problems related to the storage of these vehicles in the parking area assigned to employees. Ms. Pope responded that the vehicles were very small and that she did not see a problem accommodating them.

Ms. Martin stated that these vehicles needed very little maintenance, but, when they did, they would be taken off the island for repairs.

Administrator Tucker suggested that the City's approval be for a short period of time, i.e. one year, in case the business was not successful or the City experienced enforcement problems.

In summary, Chair Loftus stated that Ms. Martin needed to provide the City with any written agreement she may have with the Marina management and get a clarification from the Building Director about the allowed uses at the Marina or the need to appear before the Board of Zoning Appeals.

B. Review of Capital and Operating Budgets for FY 2010-2011

Before discussions began, Chair Loftus asked the Administrator to provide the mileage on each vehicle that is to be replaced in the FY11 budget for the budget workshop on April 20.

Administrator Tucker commented to the Committee that this review was to explain the changes that have been made to the budgets since the first look in March as preparation for the workshop. The Administrator began her review of the budgets under the purview of this Committee on page 25, State ATAX Expenditures that relate to the Public Restrooms/Front Beach Area Maintenance.

Public Restrooms/Front Beach Area Maintenance

Maintenance & service contracts	7,500
Increase based on actual; as Front Beach project ages, more demands for repairs.	
Insurance	2,229
Includes property, liability and flood and estimated 5% rate increase from SMIRF	
Capital Outlay	18,500
4 parking ticket-writing devices; ATAX Committee removed this from the budget at their meeting of April 6, 2010.	

Administrator Tucker reviewed the other expenditures the ATAX Committee removed from their budget as follows:

Dredging	\$200,000
Programs & Sponsorships	35,000 (50 th Anniversary type event)
Replace/repair beach walkover	80,000 (support 1 walkover, not 2)

These items will be discussed at the Ways and Means Committee of City Council giving them the opportunity to support, to change or to override the decisions of the ATAX Committee.

In response to Mayor Cronin's question regarding the reasoning behind that ATAX decisions, Administrator Tucker explained that the ATAX Committee was concerned about the amount of ATAX fund balance being required to balance that budget. The Administrator and Treasurer tried to persuade the Committee to leave the dredging funds in the budget as a placeholder until such time as the Administrator could meet with the Morgan Creek Association to determine how much, if any, City funds would be required to dredge the Marina and Morgan Creek. Attempts were also made to influence the Committee that the year is trending better than budgeted and the amount of deficit they were seeing was based on the budget rather than actual trends. The only thing the ATAX Committee believed should not be done based on the overall state of the economy was the 50th anniversary-type celebration.

Being directed to page 32, the Administrator began her review of the Marina budget.

Marina Revenues

Marina store lease income	\$ 86,000
Reduced based on current trend.	
Marina operations lease income	172,000
Basically flat.	

Marina restaurant lease income 77,916
Adjusted to be consistent with recently approved lease amendment.

Marina Fund Transfers

Transfer in for Debt Service – Hospitality Tax 181,959
Transfer in from Municipal Accommodations Tax Fee for Waverunner dock repair 25,000
100% of cost for design and permit replacement dock for watersports amenities
Transfer in from State ATAX for dredging 200,000
2/3 of cost for design, permitting and construction of marina dredging project

The review continued on page 42, Capital Projects – Front Beach Area. Here the expenses are shown as they would be paid by the various City funds; no changes appear in this area from the original review.

The Beach Restoration budget is shown on page 43 of the budget document. Administrator Tucker noted that items appearing later on the agenda are depicted here because the budget anticipates moving forward with the expected projects and expending those funds. The Administrator pointed out that eight hundred seven thousand four hundred dollars (\$807,400) of expenditures would be paid from the Beach Restoration Pool that is money contributed by the stakeholders in the project.

Beach Restoration and Monitoring – Special Projects

2008 Project post-project monitoring (2 times per year through 2011) \$101,600
Permit requirement
2008 Project administration 10,000
2008 Project escarpment grading (4 times per year) 1,800
According to the permit; escarpment of 18 inches or greater must be knocked down
2008 Project tilling 22,000
Permit requirement; compaction of the sand is tested, and if more compacted than naturally, tilling is required.
Address focused erosion in 2008 project area (estimated City portion 20%) 672,000
Ongoing monitoring of shoreline/long term beach management 50,000
Establish reserve for future beach restoration projects 100,000

Administrator Tucker explained that the first monitoring expense relates to the 2008 project area while the second monitoring expense is for the balance of the beach on the island.

C. Consideration of Award of Contracts in Excess of \$10,000

1. Amendment 1 to Coastal Science and Engineering contract for Post-project Surveys with Assessment of Beach and Inlet Conditions in the Amount of \$53, 540.

Administrator Tucker noted that it has become evident in the first monitoring and the experience of the focused erosion that there is benefit to the City for more intense and more frequent monitoring of the shoreline done by Coastal Science and Engineering. The monitoring enables the City to be more proactive with what is happening on the beach, and adding an additional

monitoring will give the City more in-depth knowledge of what is happening. The Administrator stated that the hope is to avoid the big projects by tending to the smaller events on a more frequent and more proactive basis. Administrator Tucker noted that the City “has better data now on the shoreline than the City of Isle of Palms has ever had, . . . If (the City) ever is in a position where we have a huge storm and there is damage to our shoreline, we have got the benchmark if we are looking at trying to receive federal support for the correction of our shoreline – this good scientific benchmark to say, ‘this is what we had.’” The Administrator added that, without such data, there is no recovery.

Of the total fifty-three thousand five hundred forty dollars (\$53,540) for Amendment 1, seventeen thousand two hundred seventy-one (\$17,271) would be paid by the City and the balance of thirty-six thousand two hundred sixty-nine dollars (\$36,269) paid by the stakeholders from the existing pool of funds.

MOTION: Mayor Cronin moved to recommend to Ways and Means the approval of Amendment 1 to the Coastal Science and Engineering contract in the amount of \$53,540 to add additional monitoring and surveys of the beach; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.

2. Amendment 2 for Coastal Science and Engineering Contract for Plan and Permit Application for Remedial Nourishment of Erosion Hotspots in the Amount of \$58,860

Administrator Tucker noted that approval of Amendment 2 would be conditional upon receipt of the stakeholders’ approval because it is the amendment to accomplish the permitting of the “hot spots” that have lost approximately eighty percent (80%) of the sand that was placed there in 2008.

MOTION: Mayor Cronin moved to recommend to Ways and Means to give approval of Amendment 2 to the Coastal Science and Engineering contract for planning and permit application for remedial nourishment of erosion hot spots contingent upon the approval of the stakeholders; Councilmember Stone seconded.

Administrator Tucker commented that the stakeholders have been asked to return the executed agreements by April 23; if, for some reason, all of the agreements have not been received by April 27, the date of City Council, a conditional approval could be given then also.

VOTE: The motion PASSED UNANIMOUSLY.

8. Miscellaneous Business

Marina Rents Report

Administrator Tucker stated that the report has not changed from last month with the exception of the money paid by Morgan Creek Grill at this meeting. She recalled that she had reported that Mr. Schupp owed the City reports concerning parking lot revenues which have now been received.

Next Meeting Date: 8:30 a.m., Thursday, May 6, 2010.

9. Adjourn

MOTION: Mayor Cronin moved to adjourn the meeting at 9:35 a.m.; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk